

1
2 AN ORDINANCE concerning the issuance
3 of revenue bonds to refund
4 outstanding sewage works bonds of
5 the City of Fort Wayne, the
6 collection, segregation and
7 distribution of the revenues of said
8 works, the safeguarding of the
9 interests of the owners of said
10 revenue bonds, other matters
11 connected therewith, and repealing
12 ordinances in conflict therewith.

13 WHEREAS, the City of Fort Wayne, Indiana (the
14 "City") has established, constructed and financed sewage
15 works, and now owns and operates said sewage works
16 pursuant to I.C. 36-9-23 (the "Sewer Act"), and other
17 applicable laws; and

18 WHEREAS, the City has outstanding certain
19 Sewage Works Improvement Revenue Bonds of 1961 (the "1961
20 Bonds"), maturing on August 1, 1993, which bonds
21 constitute a first charge upon the net revenues of the
22 sewage works; and

23 WHEREAS, the City also has outstanding certain
24 Sewage Works Improvement Revenue Bonds of 1970 ("the 1970
25 Bonds"), maturing on August 1 in the years 1993 to 1995,
26 inclusive, which bonds constitute a first charge upon the
27 net revenues of the sewage works and are on a parity with
28 the 1961 Bonds; and

29 WHEREAS, the City also has outstanding certain
30 Sewage Works Improvement Revenue Bonds of 1975 (the "1975
31 Bonds"), maturing on August 1 in the years 1993 to 1997,
32 inclusive, which bonds constitute a first charge upon the
net revenues of the sewage works and are on a parity with
the 1961 Bonds and the 1970 Bonds; and

WHEREAS, the City also has outstanding certain
Sewage Works Revenue Bonds of 1982 (the "1982A Bonds")
maturing on August 1 in the years 1996 to 2000,
inclusive, which bonds constitute a first charge upon the
net revenues of the sewage works and are on a parity with
the 1961 Bonds, the 1970 Bonds and the 1975 Bonds; and

1 WHEREAS, the City also has outstanding certain
2 Sewer Connection Revenue Bonds of 1982 (the "1982B
3 Bonds") maturing on August 1 in the years 1993 to 1998,
4 inclusive, which bonds constitute a first charge upon the
5 net revenues of the sewage works and are on a parity with
6 the 1961 Bonds, the 1970 Bonds, the 1975 Bonds and the
7 1982A Bonds (collectively, with the 1982B Bonds, the
8 "Refunded Bonds"); and

9 WHEREAS, the City also has outstanding certain
10 Sewage Works Revenue Refunding Bonds (the "1985 Refunding
11 Bonds"), authorized by Ordinance No. D-218-85 (the "1985
12 Ordinance") maturing February 1 and August 1 of each year
13 from 1993 through 2000, inclusive, and on August 1, 2005,
14 and also subject to mandatory sinking fund redemption on
15 February 1 and August 1 of each year from 2001 through
16 2005, inclusive, and which bonds were issued for the
17 purpose of refunding the Refunded Bonds, and which bonds
18 constitute a second charge upon the net revenues of the
19 sewage works and are junior to the Refunded Bonds; and

20 WHEREAS, the City also has outstanding certain
21 Sewage Works Revenue Bonds of 1986 (the "1986 Bonds") in
22 the amount of Five Million Two Hundred Fifteen Thousand
23 Dollars (\$5,215,000) maturing January 1 of each year from
24 1993 through 2011, which bonds constitute a third charge
25 upon the net revenues of the sewage works and are junior
26 to the Refunded Bonds and the 1985 Refunding Bonds; and

27 WHEREAS, I.C. 5-1-5 (the "Refunding Act")
28 authorizes the refunding of the 1986 Bonds in order to
29 effect a savings by providing for payment of and
30 defeasing the 1986 Bonds from proceeds of other bonds;
31 and

32 WHEREAS, the Common Council of the City of Fort
Wayne deems it advisable to issue the refunding bonds
authorized by this Ordinance as "City of Fort Wayne,
Indiana, Sewage Works Junior Refunding Revenue Bonds of

PAGE 3

1993" in original principal amount not to exceed Seven Million Dollars (\$7,000,000) (the "1993 Bonds") for the purpose of providing, together with certain funds on hand relating to the 1986 Bonds, for the payment of (i) the principal amount of the 1986 Bonds, (ii) the interest and premium, if any, payable on the 1986 Bonds, (iii) the costs of refunding the 1986 Bonds, and (iv) the costs of issuing the 1993 Bonds (the "Refunding"); and

WHEREAS, the Common Council deems it advisable to escrow certain proceeds of the 1993 Bonds, together with available funds on hand relating to the 1986 Bonds, if any, and investment income thereon, pursuant to the terms of a refunding escrow agreement (the "Escrow Agreement") to be entered into with Norwest Bank Fort Wayne, N.A., Fort Wayne, Indiana, as escrow agent (the "Escrow Agent") to provide for the payments of principal of and interest and premium on the 1986 Bonds as such becomes due and payable and at redemption prior to maturity; and

WHEREAS, there is no encumbrance or lien of any kind whatsoever upon the revenues hereby pledged to the payment of the 1993 Bonds, other than the Refunded Bonds, the 1985 Refunding Bonds and the 1986 Bonds, and such revenues are not pledged or assigned for any other purpose whatsoever; and

WHEREAS, payment of the Refunded Bonds has been provided for through the establishment of an escrow fund pursuant to an escrow agreement (the "1985 Escrow Agreement") as described in Section 10 of the 1985 Ordinance; and

WHEREAS, the 1985 Ordinance allows for the issuance of bonds payable from revenues of the City's sewage works which are junior and subordinate to the 1985 Refunding Bonds; and

WHEREAS, the Refunding will effect a savings;
and

WHEREAS, the Common Council now finds that all conditions precedent to the adoption of an ordinance authorizing the issuance of the 1993 Bonds have been complied with in accordance with the provisions of the Refunding Act and the Sewer Act (together, the "Act").

NOW, THEREFORE, BE IT ORDAINED BY THE COMMON COUNCIL OF THE CITY OF FORT WAYNE, INDIANA:

SECTION 1. Authorization for Bonds. In order to effect a savings, the City shall issue the 1993 Bonds as herein authorized and proceed with the advance refunding of the 1986 Bonds which shall be paid or redeemed in accord with the Escrow Agreement. The terms "sewage works," "works," and other like terms where used in this Ordinance shall be construed to mean and include all structures and property of the City's sewage utility.

SECTION 2. General Terms of Bonds. The City shall issue its sewage works refunding revenue bonds in an amount not to exceed Seven Million Dolars (\$7,000,000), to be designated "Sewage Works Junior Refunding Revenue Bonds of 1993," for the purpose of procuring funds to apply to the cost of the Refunding. Such 1993 Bonds shall be signed in the name of the City by manual or facsimile signatures of the Mayor of the City (the "Mayor") and Controller of the City (the "Controller") and attested by the manual or facsimile signature of the Clerk of the City (the "Clerk"), who shall affix the seal of the City to each of the 1993 Bonds manually or shall have the seal imprinted or impressed thereon by facsimile or other means. In case any officer whose signature appears on the 1993 Bonds shall cease to be such officer before the delivery of such 1993 Bonds, such signature shall nevertheless be

1 valid and sufficient for all purposes as if such officer
2 had remained in office until delivery thereof. The 1993
3 Bonds shall also be authenticated by the manual signature
4 of the Registrar (as defined below).

5 The 1993 Bonds shall be sold at a price not
6 less than 99.0% of the par value thereof (exclusive of
7 original issue discount), shall be issued in fully
8 registered form in denominations of Five Thousand Dollars
9 (\$5,000) or any integral multiple thereof, shall be
10 numbered consecutively from 1 up, shall be originally
11 dated as of the first day of the month in which the 1993
12 Bonds are sold or as otherwise determined by the
13 Controller, and shall bear interest at a rate or rates
14 not exceeding seven percent (7%) per annum (the exact
15 rate or rates to be determined by negotiation) payable on
16 the first (1st) day of February and August in each year,
17 beginning on February 1, 1994. The 1993 Bonds shall
18 mature serially on August 1 in the years and
19 substantially in accord with the schedule set forth on
20 Exhibit A, with such changes thereto as are approved by
21 the Controller.

22 All payments of interest on the 1993 Bonds
23 shall be paid by check or draft mailed one business day
24 prior to the interest payment date to the registered
25 owners thereof as of the last day of the month preceding
26 the interest payment date at the addresses as they appear
27 on the registration books kept by the Registrar or at
28 such other address as is provided to the Paying Agent (as
29 defined below) in writing by such registered owner. All
30 principal payments and premium, if any, on the 1993 Bonds
31 shall be made upon surrender thereof at the principal
32 corporate trust office of the Paying Agent in any coin or
currency of the United States of America which on the
date of such payment shall be legal tender for the
payment of public and private debts.

Interest on 1993 Bonds shall be payable from the interest payment date to which interest has been paid next preceding the authentication date thereof unless such 1993 Bonds are authenticated after the fifteenth (15th) day of the month preceding an interest payment date and on or before such interest payment date in which case they shall bear interest from such interest payment date, or unless authenticated on or before the fifteenth (15th) day of the month immediately preceding the first interest payment date, in which case they shall bear interest from the original date, until the principal shall be fully paid.

The 1993 Bonds and any bonds ranking on a parity therewith, as to principal, premium and interest, shall be payable from and are hereby secured by an irrevocable pledge of and shall constitute a charge upon all the net revenues, herein defined as the gross revenues of the sewage works after deduction only for the reasonable cost of operation, repair and maintenance but not including depreciation and payments in lieu of taxes (the "net revenues"), of the sewage works of the City, which bonds constitute a third charge on said net revenues junior and subordinate to the 1985 Refunding Bonds. The City shall not be obligated to pay said bonds or the interest or premium, if any, thereon except from the net revenues of the works, subject to the rights of the holders of the Refunded Bonds and the 1985 Refunding Bonds, and said bonds shall not constitute an indebtedness of the City within the meaning of the provisions and limitations of the constitution of the State of Indiana.

Any 1993 Bonds issued under this Ordinance may be initially issued in temporary form exchangeable for definitive bonds. The temporary bonds may be printed, lithographed or typewritten, shall be of such

denominations as may be determined by the Controller, shall be in fully registered form and may contain such reference to any of the provisions of this Ordinance as may be appropriate. If temporary bonds are issued, definitive bonds will be executed and furnished without delay and thereupon the temporary bonds shall be surrendered for cancellation at the principal corporate trust office of the Registrar and the Registrar shall deliver in exchange for such temporary bonds an equal aggregate principal amount of definitive bonds of the same interest rates and maturities. Until so exchanged, the temporary bonds shall be entitled to the same benefits under this Ordinance as definitive bonds issued hereunder.

Each 1993 Bond shall be transferable or exchangeable only upon the books of the City kept for that purpose by the Registrar, by the registered owner thereof in person, or by his attorney duly authorized in writing, upon surrender of such 1993 Bond together with a written instrument of transfer or exchange satisfactory to the Registrar duly executed by the registered owner or his attorney duly authorized in writing, and thereupon a new fully registered bond or bonds in the same aggregate principal amount, and of the same maturity, shall be executed and delivered in the name of the transferee or transferees or the registered owner, as the case may be, in exchange therefor. The costs of such transfer or exchange shall be borne by the City. The City, Registrar and Paying Agent may treat and consider the persons in whose name such 1993 Bonds are registered as the absolute owners thereof for all purposes including for the purpose of receiving payment of, or on account of, the principal thereof and interest and premium, if any, due thereon.

In the event any 1993 Bond is mutilated, lost, stolen or destroyed, the City may execute and the

Registrar may authenticate a new bond of like date, maturity and denomination as that mutilated, lost, stolen or destroyed, which new bond shall be marked in a manner to distinguish it from the bond for which it was issued, provided that, in the case of any mutilated bond, such mutilated bond shall first be surrendered to the Registrar, and in the case of any lost, stolen or destroyed bond there shall be first furnished to the Registrar evidence of such loss, theft or destruction satisfactory to the City and the Registrar, together with indemnity satisfactory to them. In the event any such bond shall have matured, instead of issuing a duplicate bond, the City and the Registrar may, upon receiving indemnity satisfactory to them, pay the same without surrender thereof. The City and the Registrar may charge the owner of such 1993 Bond with their reasonable fees and expenses in this connection. Any bond issued pursuant to this paragraph shall be deemed an original, substitute contractual obligation of the City, whether or not the lost, stolen or destroyed 1993 Bond shall be found at any time, and shall be entitled to all the benefits of this Ordinance, equally and proportionately with any and all other 1993 Bonds issued hereunder.

SECTION 3. Terms of Redemption. The 1993 Bonds maturing on or after August 1, 2003 are redeemable prior to maturity at the option of the City on August 1, 2002 or any date thereafter, on thirty (30) days' notice, in whole or in part, in any order of maturities selected by the City and by lot within a maturity, at 100% of face value, but without premium, plus accrued interest to the date fixed for redemption.

Notice of such redemption shall be mailed by first-class mail or by registered or certified mail to the address of each registered owner as shown on the registration record of the City not more than sixty (60)

days and not less than thirty (30) days prior to the date fixed for redemption except to the extent such redemption notice is waived by the owners of 1993 Bonds redeemed, provided, however, that failure to give such notice by mailing, or any defect therein, with respect to any 1993 Bond shall not affect the validity of any proceedings for the redemption of any other 1993 Bonds. The notice shall specify the date and place of redemption, the redemption price and the CUSIP numbers of the 1993 Bonds called for redemption. The place of redemption may be determined by the City. Interest on the 1993 Bonds so called for redemption shall cease on the redemption date fixed in such notice if sufficient funds are available at the place of redemption to pay the redemption price on the date so named, and thereafter, such 1993 Bonds shall no longer be protected by this Ordinance and shall not be deemed to be outstanding hereunder, and the holders thereof shall have the right only to receive the redemption price.

All 1993 Bonds which have been redeemed shall be cancelled and shall not be reissued; provided, however, that one or more new registered bonds shall be issued for the unredeemed portion of any 1993 Bond without charge to the holder thereof.

Prior to the date fixed for redemption, funds shall be deposited with the Paying Agent to pay, and the Paying Agent is hereby authorized and directed to apply such funds to the payment of, the 1993 Bonds or portions thereof called for redemption, including accrued interest thereon to the redemption date. No payment shall be made by the Paying Agent upon any 1993 Bond or portion thereof called for redemption until such bond shall have been delivered for payment or cancellation or the Registrar shall have received the items required by this Ordinance

PAGE 10

1 with respect to any mutilated, lost, stolen or destroyed
2 bond.

3 SECTION 4. Appointment of Registrar and Paying
4 Agent. Norwest Bank Fort Wayne, N.A., in Fort Wayne,
5 Indiana is hereby appointed to serve as registrar and
6 paying agent for the 1993 Bonds ("Registrar" or "Paying
7 Agent"). The Registrar is hereby charged with the
8 responsibility of authenticating the 1993 Bonds, and
9 shall keep and maintain at its principal corporate trust
10 office books for the registration and transfer of the
11 1993 Bonds. The Mayor is hereby authorized to enter into
12 such agreements or understandings with such institution
13 as will enable the institution to perform the services
14 required of the Registrar and Paying Agent. The
15 Controller is authorized to pay such fees as the
16 institution may charge for the services it provides as
17 Registrar and Paying Agent, and such fees may be paid as
18 fiscal agency charges from the Sewage Works Sinking Fund
19 described herein to pay the principal of and interest on
20 the 1993 Bonds.

21 The Registrar and Paying Agent may at any time
22 resign as Registrar and Paying Agent by giving thirty
23 (30) days written notice to the City and by first-class
24 mail to each registered owner of the 1993 Bonds then
25 outstanding, and such resignation will take effect at the
26 end of such thirty (30) days or upon the earlier
27 appointment of a successor Registrar and Paying Agent by
28 the City. Such notice to the City may be served
29 personally or be sent by registered mail. The Registrar
30 and Paying Agent may be removed at any time as Registrar
31 and Paying Agent by the City, in which event the City may
32 appoint a successor Registrar and Paying Agent. The City
shall notify each registered owner of the 1993 Bonds then
outstanding by first-class mail of the removal of the
Registrar and Paying Agent. Notices to registered owners

of the 1993 Bonds shall be deemed to be given when mailed by first-class mail to the addresses of such registered owners as they appear on the bond register. Any predecessor Registrar and Paying Agent shall deliver all the 1993 Bonds and cash in its possession and the bond register to the successor Registrar and Paying Agent. At all times, the same entity shall serve as Registrar and as Paying Agent.

The provisions of this Section 4 are subject to the provisions of Section 22(h) to the extent Section 22(h) is applicable.

SECTION 5. Form of Bonds; Book-Entry Bonds.

The form and tenor of the 1993 Bonds, shall be substantially as follows, all blanks to be filled in properly prior to delivery thereof:

(Form of Bond)

UNITED STATES OF AMERICA

STATE OF INDIANA

COUNTY OF ALLEN

CITY OF FORT WAYNE

SEWAGE WORKS JUNIOR REFUNDING REVENUE BOND OF 1993

Interest Rate	Maturity Date	Original Date	Authentication Date	CUSIP
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Registered Owner:

Principal Sum:

The City of Fort Wayne, in Allen County, State of Indiana, for value received, hereby promises to pay to the Registered Owner set forth above, solely out of the special fund hereinafter referred to, the Principal Sum set forth above on the Maturity Date set forth above (unless this bond is subject to and is called for redemption prior to maturity as hereinafter provided), and to pay interest

1 thereon until the Principal Sum shall be fully
2 paid at the Interest Rate per annum specified
3 above from the interest payment date to which
4 interest has been paid next preceding the
5 Authentication Date of this bond unless this
6 bond is authenticated after the fifteenth day
7 of the month preceding an interest payment
8 date and on or before such interest payment
9 date in which case interest shall be paid from
10 such interest payment date, or unless this
11 bond is authenticated on or before January 15,
12 1994 in which case it shall bear interest from
13 the Original Date, which interest is payable
14 semi-annually on the first day of February and
15 August of each year, beginning on February 1,
16 1994.

17 The principal of this bond is payable at
18 the principal corporate trust office of
19 Norwest Bank Fort Wayne, N.A., (the
20 "Registrar" or "Paying Agent"), in Fort Wayne,
21 Indiana. All payments of interest on this
22 bond shall be paid by check or draft mailed
23 one business day prior to the interest payment
24 date to the registered owner hereof as of the
25 fifteenth day of the month preceding the
26 interest payment date at the address as it
27 appears on the registration books kept by the
28 Registrar or at such other address as is
29 provided to the Paying Agent in writing by the
30 registered owner. All payments of principal
31 of this bond shall be made upon surrender
32 thereof at the principal corporate trust
office of the Paying Agent in any coin or
currency of the United States of America which
on the dates of such payment shall be legal

1 tender for the payment of public and private
2 debts.

3 This bond shall not constitute an
4 indebtedness of the City of Fort Wayne within
5 the meaning of the provisions and limitations
6 of the constitution of the State of Indiana,
7 and the City shall not be obligated to pay
8 this bond or the interest thereon except from
9 the special fund provided from the net
10 revenues of the City's sewage works utility.

11 The terms and provisions of this bond are
12 continued on the reverse side hereof and such
13 terms and provisions shall for all purposes
14 have the same effect as though fully set forth
15 at this place.

16 It is hereby certified and recited that
17 all acts, conditions and things required to be
18 done precedent to and in the preparation and
19 complete execution, issuance and delivery of
20 this bond have been done and performed in
21 regular and due form as provided by law.

22 This bond shall not be valid or become
23 obligatory for any purpose until the
24 certificate of authentication hereon shall
25 have been executed by an authorized
26 representative of the Registrar.

27 IN WITNESS WHEREOF, the City of Fort
28 Wayne, in Allen County, Indiana, has caused
29 this bond to be executed in its corporate name
30 by the manual or facsimile signatures of the
31 Mayor and Controller, its corporate seal to be
32 hereunto affixed, imprinted or impressed by
any means and attested manually or by
facsimile by its City Clerk.

CITY OF FORT WAYNE, INDIANA

(SEAL OF CITY)

By _____
Mayor

By _____
Controller

ATTEST:

City Clerk

(Form of Registrar's Certificate of Authentication)

It is hereby certified that this bond is one of the bonds described in the within-mentioned Ordinance duly authenticated by the Registrar.

NORWEST BANK FORT WAYNE, N.A.,
as Registrar

By _____
Authorized Representative

(To be printed on Reverse Side)

This bond is one of an authorized issue of bonds of the City of Fort Wayne, of like original date, tenor and effect, except as to denomination, numbering, interest rates, redemption terms and dates of maturity, in the total amount of _____ Dollars (\$_____), numbered from 1 up, issued for the purpose of providing funds to be applied to the cost of refunding the City's Sewage Works Revenue Bonds of 1986 and to pay incidental expenses, as authorized by Ordinance No. _____ adopted by the Common Council of the City of Fort Wayne on the 18th day of May, 1993, entitled "AN ORDINANCE concerning the issuance of revenue bonds to

1 refund outstanding sewage works bonds of the
2 City of Fort Wayne, the collection,
3 segregation and distribution of the revenues
4 of said works, the safeguarding of the
5 interests of the owners of said revenue bonds,
6 other matters connected therewith, and
7 repealing ordinances in conflict therewith,"
8 (the "Ordinance") and in strict compliance
9 with the provisions of I.C. 5-1-5 and I.C.
10 36-9-23 and other applicable laws, as amended
11 (collectively, the "Act").

12 Pursuant to the provisions of the Act and
13 said Ordinance, the principal of and interest
14 on this bond and all other bonds of said issue
15 and any bonds hereafter issued on a parity
16 therewith are payable solely from the Sewage
17 Works Sinking Fund to be provided from the net
18 revenues (defined as the gross revenues of the
19 sewage works of the City after deduction only
20 for the reasonable cost of operation, repair
21 and maintenance but not including depreciation
22 and payments in lieu of taxes). This bond and
23 the issue of which it is a part, together with
24 any parity bonds hereafter issued, constitute
25 a third charge against said net revenues
26 junior and subordinate to the City's 1985
27 Sewage Works Revenue Refunding Bonds (the
28 "1985 Refunding Bonds"), which 1985 Refunding
29 Bonds are junior to prior bonds which were
30 refunded with proceeds of the 1985 Refunding
31 Bonds (the "Refunded Bonds"), which Refunded
32 Bonds constitute a first charge against said
net revenues, all as more fully described in
the Ordinance.

1 The City of Fort Wayne irrevocably
2 pledges the entire net revenues of said sewage
3 works to the prompt payment of the principal
4 of and interest on the bonds authorized by the
5 Ordinance, of which this is one, and any bonds
6 ranking on a parity therewith, subject to the
7 rights of the holders of the Refunded Bonds
8 and the 1985 Refunding Bonds, to the extent
9 necessary for that purpose, and covenants that
10 it will cause to be fixed, maintained and
11 collected such rates and charges for service
12 rendered by said works as are sufficient in
13 each year for the payment of the proper and
14 reasonable expenses of operation, repair and
15 maintenance of said works and for the payment
16 of the sums required to be paid into said
17 Sewage Works Sinking Fund under the provisions
18 of the Ordinance. In the event the City or
19 the proper officers thereof shall fail or
20 refuse to so fix, maintain and collect such
21 rates or charges, or if there be a default in
22 payment of the interest on or principal of
23 this bond, the owner of this bond shall have
24 all of the rights and remedies provided for
25 under Indiana law, subject to the rights of
26 the holders of the Refunded Bonds and the 1985
27 Refunding Bonds.

28 The City of Fort Wayne further covenants
29 that it will set aside and pay into its Sewage
30 Works Sinking Fund a sufficient amount of the
31 net revenues of said works to (a) pay the
32 principal and interest payments on all bonds
payable from the net revenues of the sewage
works, as such principal and interest shall
fall due, and (b) pay the necessary fiscal

1 agency charges for paying all bonds and
2 interest as required by the Ordinance.

3 The bonds of this issue maturing on or
4 after August 1, 2003 are redeemable at the
5 option of the City on August 1, 2002 or any
6 date thereafter, on thirty (30) days' notice,
7 in whole or in part, in any order of
8 maturities selected by the City and by lot
9 within a maturity, at 100% of face value, but
10 without premium, plus accrued interest to the
11 date fixed for redemption.

12 Notice of such redemption shall be mailed
13 by first-class mail or by registered or
14 certified mail not more than sixty (60) days
15 and not less than thirty (30) days prior to
16 the date fixed for redemption to the address
17 of the Registered Owner as shown on the
18 registration record of the City except to the
19 extent such redemption notice is waived by the
20 owners of the bond or bonds redeemed,
21 provided, however, that failure to give such
22 notice by mailing, or any defect therein, with
23 respect to any bond shall not affect the
24 validity of any proceedings for the redemption
25 of any other bonds. The notice shall specify
26 the date and place of redemption, the
27 redemption price and the CUSIP numbers of the
28 bonds called for redemption. The place of
29 redemption may be determined by the City.
30 Interest on the bonds so called for redemption
31 shall cease on the redemption date fixed in
32 such notice if sufficient funds are available
 at the place of redemption to pay the
 redemption price on the date so named, and
 thereafter, such bonds shall no longer be

protected by the Ordinance and shall not be deemed to be outstanding thereunder, and the holders thereof shall have the right only to receive the redemption price.

If this bond shall not be presented for payment on the date fixed therefor, the City may deposit in trust with the Paying Agent or another financial institution approved by the City, an amount sufficient to pay such bond, and thereafter the Registered Owner shall look only to the funds so deposited in trust with said financial institution for payment and the City shall have no further obligation or liability in respect thereto.

This bond is subject to defeasance prior to payment as provided in the Ordinance and the owner of this bond, by the acceptance hereof, hereby agrees to all the terms and provisions contained in the Ordinance.

This bond is transferable or exchangeable only upon the books of the City kept for that purpose at the office of the Registrar by the Registered Owner in person, or by his attorney duly authorized in writing, upon surrender of this bond together with a written instrument of transfer or exchange satisfactory to the Registrar duly executed by the Registered Owner or his attorney duly authorized in writing, and thereupon a new fully registered bond or bonds in the same aggregate principal amount, and of the same maturity, shall be executed and delivered in the name of the transferee or transferees or the Registered Owner, as the case may be, in exchange therefor. The City, any registrar and any

1 paying agent for this bond may treat and
2 consider the person in whose name this bond is
3 registered as the absolute owner hereof for
4 all purposes including for the purpose of
5 receiving payment of, or on account of, the
6 principal hereof and interest due hereon.

7 The bonds maturing in any one year are
8 issuable only in fully registered form in the
9 denomination of \$5,000 or any integral
10 multiple thereof not exceeding the aggregate
11 principal amount of the bonds maturing in such
12 year.

13 STATEMENT OF INSURANCE

14 Financial Guaranty Insurance Company
15 ("Financial Guaranty") has issued a policy
16 containing the following provisions with
17 respect to this bond and all other bonds of
18 this issue, such policy being on file at the
19 principal office of the Paying Agent:

20 Financial Guaranty hereby unconditionally
21 and irrevocably agrees to pay for disbursement
22 to the bondholders that portion of the
23 principal of and interest on the bonds which
24 is then due for payment and for which the City
25 shall have failed to provide. Due for payment
26 means, with respect to the principal, the
27 stated maturity date thereof and does not
28 refer to any earlier date on which the payment
29 of principal of the bonds is due by reason of
30 call for redemption, acceleration or other
31 advancement of maturity, and with respect to
32 interest, the stated date for payment of such
 interest.

 Upon receipt of telephonic or telegraphic
 notice, subsequently confirmed in writing, or

written notice by registered or certified mail, from a bondholder or the Paying Agent to Financial Guaranty that the required payment of principal or interest has not been made by the City to the Paying Agent, Financial Guaranty on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with Citibank, N.A., or its successor as its agent (the "Fiscal Agent"), sufficient to make the portion of such payment not paid by the City. Upon presentation to the Fiscal Agent of evidence satisfactory to it of the bondholder's right to receive such payment and any appropriate instruments of assignment required to vest all of such bondholder's right to such payment in Financial Guaranty, the Fiscal Agent will disburse such amount to the bondholder.

As used herein the term "bondholder" means the person other than the City who at the time of nonpayment of a bond is entitled under the terms of such bond to payment thereof.

The policy is non-cancellable for any reason.

FINANCIAL GUARANTY INSURANCE COMPANY

(Form of Assignment)

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto _____

_____ (Please Print or Typewrite Name and Address) \$ _____

principal amount (must be a multiple of \$5,000) of the within bond and all rights

thereunder, and hereby irrevocably constitutes
and appoints _____
_____, attorney to transfer the within bond on
the books kept for the registration thereof
with full power of substitution in the
premises.

NOTICE: The signature to
this assignment must
correspond with the name
as it appears on the face
of the within bond in
every particular, without
alteration or enlargement
or any change whatsoever.

Signature Guaranteed:

NOTICE: Signature(s) must be
guaranteed by a member firm of
the New York Stock Exchange or a
commercial bank or trust company.

(End of Bond Form)

The 1993 Bonds shall initially be issued and
held in book-entry form on the books of the central
depository system, The Depository Trust Company, its
successors, or any successor central depository system
appointed by the City from time to time (the "Clearing
Agency"), without physical distribution of bonds to the
public. One definitive 1993 Bond of each maturity shall
be delivered to the Clearing Agency and held in its
custody. The City and the Registrar and Paying Agent
may, in connection herewith, do or perform or cause to be
done or performed any acts or things not adverse to the
rights of the holders of the 1993 Bonds as are necessary
or appropriate to accomplish or recognize such book-entry
form 1993 Bonds.

1 So long as the 1993 Bonds remain and are held
2 in book-entry form on the books of a Clearing Agency,
3 then (1) any such 1993 Bond may be registered upon the
4 books kept by the Registrar in the name of such Clearing
5 Agency, or any nominee thereof, including CEDE & Co., as
6 nominee of The Depository Trust Company; (2) the Clearing
7 Agency in whose name such 1993 Bond is so registered
8 shall be, and the City and the Registrar and Paying Agent
9 may deem and treat such Clearing Agency as, the absolute
10 owner and holder of such 1993 Bond for all purposes of
11 this Ordinance, including, without limitation, receiving
12 payment of the principal of, premium, if any, and
13 interest on such 1993 Bond, the receiving of notice and
14 giving of consent; (3) neither the City nor the Registrar
15 and Paying Agent shall have any responsibility or
16 obligation hereunder to any direct or indirect
17 participant, within the meaning of Section 17A of the
18 Securities Exchange Act of 1934, as amended, of such
19 Clearing Agency, or any person on behalf of which, or
20 otherwise in respect of which, any such participant holds
21 any interest in any 1993 Bond, including, without
22 limitation, any responsibility or obligation hereunder to
23 maintain accurate records of any interest in any 1993
24 Bond or any responsibility or obligation hereunder with
25 respect to the receiving of payment of principal of,
26 premium, if any, or interest on any 1993 Bond, the
27 receiving of notice or the giving of consent; and (4) the
28 Clearing Agency is not required to present any 1993 Bond
29 called for partial redemption prior to receiving payment
30 so long as the Registrar and the Clearing Agency have
31 agreed to the method for noting such partial redemption.

32 If the City receives notice from the Clearing
Agency which is currently the registered owner of the
1993 Bonds to the effect that such Clearing Agency is
unable or unwilling to discharge its responsibility as a

1 Clearing Agency for the 1993 Bonds or the City elects to
 2 discontinue its use of such Clearing Agency as a Clearing
 3 Agency for the 1993 Bonds, then the City and Registrar
 4 and Paying Agent each shall do or perform or cause to be
 5 done or performed all acts or things, not adverse to the
 6 rights of the holders of the 1993 Bonds, as are necessary
 7 or appropriate to discontinue use of such Clearing Agency
 8 as a Clearing Agency for the 1993 Bonds and to transfer
 9 the ownership of each of the 1993 Bonds to such person or
 10 persons, including any other Clearing Agency, as the
 11 holders of the 1993 Bonds may direct in accordance with
 12 this Ordinance. Any expenses of such discontinuance and
 13 transfer, including expenses of printing new certificates
 14 to evidence the 1993 Bonds, shall be paid by the City.

15 So long as the 1993 Bonds remain and are held
 16 in book-entry form on the books of a Clearing Agency, the
 17 Registrar shall be entitled to request and rely upon a
 18 certificate or other written representation from the
 19 Clearing Agency or any participant or indirect
 20 participant with respect to the identity of any
 21 beneficial owner of 1993 Bonds as of a record date
 22 selected by the Registrar. For purposes of determining
 23 whether the consent, advice, direction or demand of a
 24 registered owner of a 1993 Bond has been obtained, the
 25 Registrar shall be entitled to treat the beneficial
 26 owners of the 1993 Bonds as the bondholders and any
 27 consent, request, direction, approval, objection or other
 28 instrument of such beneficial owner may be obtained in
 29 the fashion described in this Ordinance.

30 So long as the 1993 Bonds remain and are held
 31 in book-entry form on the books of The Depository Trust
 32 Company, the provisions of its standard form of Letter of
 Representations, if executed in connection with the
 issuance of the 1993 Bonds, as amended and supplemented,
 or any successor agreement shall control on the matters

1 set forth herein. The Registrar, by accepting the duties
2 of Registrar under this Ordinance, agrees that it will
3 undertake the duties of "Agent" set forth therein and
4 that those duties to be undertaken by either the "Agent"
5 or the "Issuer" in paragraphs 2, 3, 4 and 12 thereof
6 shall be the responsibility of the Registrar. Further,
7 so long as the 1993 Bonds remain and are held in book-
8 entry form, the provisions of Section 5 of this Ordinance
9 shall control over conflicting provisions in any other
10 section of this Ordinance.

11 SECTION 6. Sale of Bonds. The Controller is
12 hereby authorized and directed to have the 1993 Bonds
13 prepared, and the Mayor, Controller and Clerk are hereby
14 authorized and directed to execute the 1993 Bonds in
15 substantially the form and the manner herein provided.
16 The Controller is hereby authorized and directed to
17 deliver the 1993 Bonds to the purchaser; thereupon, the
18 Controller shall be authorized to receive from the
19 purchaser the purchase price and take the purchaser's
20 receipt for the 1993 Bonds. The amount to be collected
21 by the Controller shall be the full amount which the
22 purchaser has agreed to pay therefor, which shall be not
23 less than 99.0% of the face value of the 1993 Bonds
24 (exclusive of original issue discount) plus accrued
25 interest to the date of delivery.

26 The Mayor is authorized to enter into a bond
27 purchase contract in customary form with First Chicago
28 Capital Markets, Inc. and Summers & Company, Inc., as
29 bond purchasers, on behalf of the City. The entry by the
30 City into the purchase contract and the execution of the
31 purchase contract on behalf of the City by the Mayor in
32 accordance with this Ordinance are hereby authorized and
approved.

The 1993 Bonds, when fully paid for and
delivered to the purchasers, shall be the binding special

1 revenue obligations of the City, payable out of the net
2 revenues of the City's sewage works to be set aside into
3 the Sinking Fund as herein provided.

4 The opinion of Barnes & Thornburg, bond
5 counsel, approving the legality of the 1993 Bonds, will
6 be furnished to the purchasers at the expense of the
7 City.

8 SECTION 7. Use of Bond Proceeds. The proceeds
9 derived from the sale of the 1993 Bonds shall be and are
10 hereby set aside for application on the cost of the
11 Refunding.

12 The proceeds of the 1993 Bonds plus moneys on
13 hand in connection with the 1986 Bonds and which are
14 available, if any, together with investment earnings
15 thereon, to carry out the refunding of the 1986 Bonds
16 shall be deposited in escrow pursuant to the Escrow
17 Agreement. The balance of the proceeds of the 1993 Bonds
18 shall be used to pay costs of issuance of the 1993 Bonds
19 and other incidental expenses. Accrued interest to the
20 date of delivery shall be deposited in the Sinking Fund
21 described below and used to pay interest on the 1993
22 Bonds on the first interest payment date. In the event
23 any proceeds remain after all such payments have been
24 made, such proceeds shall be transferred to the Sinking
25 Fund described below.

26 SECTION 8. Approval of Escrow Agreement. The
27 Escrow Agreement shall be in substantially the form
28 attached hereto as Exhibit B, with such changes therein
29 as the Mayor approves as evidenced by his signature
30 thereon. The moneys deposited pursuant to the Escrow
31 Agreement to carry out the Refunding shall be held as
32 cash or invested in noncallable direct obligations of the
United States of America, and shall be irrevocably set
aside and pledged for such purpose. The Mayor is hereby
authorized to enter into the Escrow Agreement and the

1 Controller is hereby authorized to pay the charges for
2 the services of the Escrow Agent. The entry by the City
3 into the Escrow Agreement and the execution of the Escrow
4 Agreement on behalf of the City, and the taking of such
5 other action and the execution of such other instruments
6 as are necessary to effect the Refunding, by the Mayor,
7 Controller and Clerk in accordance with this Ordinance,
8 are hereby authorized, approved and ratified. The proper
9 officers of the City are hereby directed to draw all
10 proper and necessary warrants, and to do whatever acts
11 and things may be necessary to carry out the provisions
12 of this Ordinance. First Chicago Capital Markets, Inc.
13 is hereby authorized to take such actions as it deems
14 appropriate with the approval of the Controller to carry
15 out the Refunding if finally consummated, including the
16 execution of documents necessary to make subscription to
17 acquire appropriate securities to be held under the
18 Escrow Agreement.

19 SECTION 9. Collection of Revenues; Funding
20 Operation, Repair and Maintenance. All revenues received
21 on account of the sewage works shall be segregated and
22 kept in a special fund separate and apart from all other
23 funds of the City. Out of this fund the proper and
24 reasonable expenses of operation, repair and maintenance
25 of the works shall be paid and the requirements of the
26 Sewage Works Sinking Fund shall be met. Payments in lieu
27 of taxes shall be made not more frequently than
28 semiannually on June 30 and December 31 and may be made
29 only if the amounts required to be held as of such dates
30 in the Sinking Fund pursuant to Section 10 are so held.

31 SECTION 10. Sinking Fund for Bonds. The
32 special fund designated "Sewage Works Sinking Fund"
created by Ordinance No. 1939, adopted on July 26, 1938
(the "Sinking Fund" or "Sewage Works Sinking Fund"), and
continued for the payment of the Refunded Bonds, the 1985

Refunding Bonds and the 1986 Bonds, is hereby designated as the special fund for the payment of the interest on and principal of the 1993 Bonds and the payment of any fiscal agency charges in connection with the payment of the 1993 Bonds and interest thereon. There is hereby created a special account within the Sinking Fund designated as the 1993 Sewage Works Reserve Account (the "Sewage Works Reserve Account"), which Account is constituted as a debt service reserve for the 1993 Bonds and any bond subsequently issued on a parity with the 1993 Bonds, and which Account is separate from the Sewage Works Reserve Account created in the 1985 Ordinance as a debt service reserve for the 1985 Bonds (the "1985 Reserve"). The Sinking Fund shall be continued until all of the bonds issued under the prior ordinances authorizing said bonds and this Ordinance have been paid.

There shall be set aside and paid into the Sinking Fund three business days prior to the first day of each calendar month, as available, or more often if necessary, a sufficient amount of the net revenues of said sewage works for the payment of (a) the interest on all bonds which by their terms are payable from the revenues of the sewage works, as such interest shall fall due; provided, however, that credit shall be given for interest payable on any Refunded Bonds, so long as sufficient funds are available under the 1985 Escrow Agreement for the payment thereof, (b) the necessary fiscal agency charges for paying said bonds and interest, (c) the principal of all bonds which by their terms are payable from the revenues of the sewage works as they fall due; provided, however, that credit shall be given for principal payable on any Refunded Bonds, so long as sufficient funds are available under the 1985 Escrow Agreement for the payment thereof, (d) an additional

1 amount as a margin of safety, which margin, together with
2 any unused surplus of such margin carried forward from
3 the preceding year, shall equal not less than ten percent
4 (10%) of all other amounts so required to be paid into
5 the Sinking Fund and (e) any amounts necessary to
6 maintain a balance in the Sewage Works Reserve Account
7 equal to the Sewage Works Reserve Requirement as defined
8 below. The term "net revenues" as used in this section
9 shall be construed to mean the revenues for any calendar
10 year after deduction only for the reasonable cost of
11 operation, maintenance and repair. The monthly payments
12 into the Sinking Fund shall be in an amount equal to at
13 least one-twelfth (1/12) of the amount required for such
14 payments during the then next succeeding twelve (12)
15 calendar months and shall continue until such time as the
16 Sinking Fund shall contain an amount sufficient to pay
17 all of the bonds then outstanding, together with the
18 interest thereon to the dates of maturity thereof. In
19 addition to said required monthly payments into the
20 Sinking Fund, all of the net revenues of the sewage works
21 not used in making said required payments shall be set
22 aside and paid into the Sinking Fund monthly, as
23 available, until there has been accumulated in the
24 Sinking Fund, over and above said required payments but
25 including the funded reserves and investment income
26 thereon, an amount equal to the sum of the principal of
27 and interest on all then outstanding bonds which will be
28 payable during the then next succeeding twelve (12)
29 calendar months. The Sinking Fund shall be maintained at
30 such levels, and additional amounts of net revenues shall
31 be deposited in the Sinking Fund to the extent necessary
32 to maintain such levels.

The Sewage Works Reserve Account will be held
as a debt service reserve for the 1993 Bonds and any
additional bonds subsequently issued on a parity with the

1 1993 Bonds and credited to the City's obligation to
2 accumulate net revenues in the Sinking Fund in addition
3 to the required monthly payments or as a margin of safety
4 with respect to such bonds. There shall be held in said
5 Sewage Works Reserve Account an amount which equals the
6 following with respect to the 1993 Bonds and any
7 additional bonds subsequently issued on a parity with the
8 1993 Bonds (the "Sewage Works Reserve Requirement"): the
9 lesser of 10% of the proceeds thereof, the maximum annual
10 principal and interest requirements thereon, or 125% of
11 the average annual principal and interest requirements
12 thereon. The Sewage Works Reserve Requirement is hereby
13 determined to be reasonable. All money in the Sewage
14 Works Reserve Account shall be used and withdrawn by the
15 City solely for the purpose of making payment on the 1993
16 Bonds and any additional bonds subsequently issued on a
17 parity with the 1993 Bonds to the extent that available
18 moneys in the Sinking Fund are insufficient for such
19 purpose, or to make the final payments on such bonds when
20 money in the Sewage Works Reserve Account, together with
21 other money held in the Sinking Fund, is sufficient to
22 make all remaining payments to final maturity, provided,
23 notwithstanding the foregoing, amounts in the Sewage
24 Works Reserve Account in excess of the Sewage Works
25 Reserve Requirement may be transferred from time to time
26 to the Sewage Works Operation and Maintenance Fund or, if
27 such fund is funded in accordance with Section 11 hereof,
28 to the Sewage Works Replacement Fund. If amounts on
29 deposit in the Sewage Works Reserve Account shall, at any
30 time, be less than the Sewage Works Reserve Requirement,
31 such deficiency shall be made up over a twelve (12) month
32 period, after required monthly deposits to the Sinking
Fund and after making any required payments under the
1985 Ordinance to make up any deficiency in the 1985
Reserve, to restore the balance of the Sewage Works

1 Reserve Account to an amount equal to the Sewage Works
2 Reserve Requirement.

3 Amounts held on the date of issuance of the
4 1993 Bonds in the debt service reserve account for the
5 1986 Bonds shall be credited to the Sewage Works Reserve
6 Account and applied toward the Sewage Works Reserve
7 Requirement, and the remaining amounts then in said debt
8 service reserve account, if any, shall be credited to the
9 Sinking Fund or deposited to the Escrow Account under the
10 Escrow Agreement, as directed by bond counsel.

11 To the extent applicable, the requirements of
12 Section 22(d) with respect to the Sewage Works Reserve
13 Account shall be satisfied.

14 Any excess revenues of the sewage works
15 available after making the deposits required by Sections
16 9 and 10 above may be used to provide or restore any debt
17 service reserve account established to secure junior
18 bonds as contemplated by Section 17(d).

19 In no event shall any part of the Sinking Fund
20 be used in purchasing bonds, except to the extent that
21 the amount then in the Sinking Fund (other than the
22 Sewage Works Reserve Account) exceeds the amount required
23 to pay the principal of the bonds payable therefrom which
24 will mature within a period of twelve (12) calendar
25 months next following the date of such purchase, together
26 with all interest on the bonds payable. Any such excess
27 of funds above said required levels may be used in
28 purchasing outstanding bonds at a price less than the
29 applicable price at maturity, if first approved by the
30 Board of Public Works and Safety. Moneys in the Sinking
31 Fund shall not be used for any other purpose whatsoever
32 except as provided in this Ordinance.

If the City shall, for any reason, fail to pay
into the Sinking Fund the full amount and at the
respective times above stipulated, then an amount

equivalent to such deficiency shall be set apart and paid into the Sinking Fund from the first available revenues and the same shall be in addition to the minimum amounts otherwise herein provided to be so set apart and paid.

Withdrawals shall be made from the Sinking Fund and remitted to the places of payment of the interest and principal to meet such payments when due.

The Sinking Fund, as aforesaid, shall be used solely and only and is hereby pledged for the purpose of paying principal of and interest on the bonds which by their terms are payable from said funds. Upon the delivery of said bonds and the receipt of the proceeds, all sums received as accrued interest and premium, if any shall be placed in the Sinking Fund.

SECTION 11. Funding Improvements to the Works.

In the event that all required payments into the Sinking Fund have been met to date and there has been accumulated as a reserve in said Sinking Fund an amount equal to the respective sums required by Section 10, and there has been accumulated an amount in a separate fund heretofore created and designated as the Sewage Works Operation and Maintenance Fund and hereby continued (the "Sewage Works Operation and Maintenance Fund") sufficient for operation, repair and maintenance of the works for the then next succeeding twelve (12) calendar months, and for depreciation, then any excess revenues of the works available may be placed in the separate fund heretofore created and designated as the Sewage Works Improvement Fund and hereby continued as the Sewage Works Replacement Fund (the "Sewage Works Replacement Fund"). Moneys in the Sewage Works Replacement Fund may be used to pay the costs of improvements, betterments, extensions, enlargements and additions to the works. No revenues of the works shall be deposited in or credited to the Sewage Works Replacement Fund which will interfere with the

requirements of the Sinking Fund, the accumulation of the required reserve therein, or with the requirements as to reserving funds for the operation, maintenance and repair of the works and for depreciation. All or any portion of the funds accumulated and reserved for operation, repair and maintenance for the then next succeeding twelve (12) calendar months in the Sewage Works Operation and Maintenance Fund shall be transferred to the Sinking Fund if necessary to prevent a default in the payment of principal of or interest on the bonds payable from the Sinking Fund.

SECTION 12. Investments. The moneys in any of such funds or accounts shall be deposited, held, secured or invested in accordance with the laws of the State of Indiana relating to the depositing, holding, securing or investing of public funds, and in accordance with the arbitrage certificate delivered at the time of delivery of any bonds payable from such funds and accounts. Investment of monies in the Sinking Fund (other than the Sewage Works Reserve Account) shall mature on or before the time the monies will be required to pay any debt service. Investment of the Sewage Works Sinking Fund shall be limited to Eligible Investments, as defined in the 1985 Ordinance. Investments of amounts held in the Sewage Works Reserve Account shall have a term to maturity of not greater than ten (10) years. To the extent applicable, the requirements of Section 22(d) with respect to permitted investments shall be satisfied.

In computing the amount in any fund or account, investments shall be valued at the market value of such obligations, exclusive of accrued interest. Valuation shall occur semi-annually and immediately upon a withdrawal from the Sewage Works Reserve Account. The depository or depositories for the Sewage Works Sinking Fund shall be a bank which is a member of the Federal

Reserve System and of the Federal Deposit Insurance Corporation, or like organizations having similar power and duties. No moneys derived from the revenues of the sewage works (including investment income) shall be transferred to the general fund of the City or be used for any purpose not connected with the sewage works if such transfer or use would interfere with the flow of funds set forth herein.

Investment income from such funds and accounts shall, except as otherwise provided herein, be treated as revenues of the sewage works, and shall be used as provided in this Ordinance.

SECTION 13. Books and Records. The City shall keep proper books of records and accounts, separate from all of its other records and accounts, in which complete and correct entries shall be made showing all revenues collected from said works and deposited in said funds, all disbursements made therefrom on account of the operation of the works and to meet the requirements of the Sinking Fund, and all other financial transactions relating to said works, including the amounts set aside or credited to the Sinking Fund, the Sewage Works Operation and Maintenance Fund and the Sewage Works Replacement Fund, and the cash balances in each of said funds and accounts described herein as of the close of the preceding fiscal year. Upon written request, there shall be prepared and furnished to the original purchasers of the 1993 Bonds and to any subsequent owner of the bonds at the time then outstanding, not more than four (4) months after the close of each fiscal year, operating income and expense and balance sheet statements of the works, covering the preceding fiscal year, which annual statements shall be certified by the Controller, or the person charged with the duty of auditing the books and records relating to the works, or such statements may

1 be prepared by an independent certified public accountant
2 retained by the City for the purpose of preparing such
3 statements. Copies of all such statements and reports
4 shall be kept on file in the office of the Controller.
5 Any owner or owners of the 1993 Bonds then outstanding
6 shall have the right at all reasonable times to inspect
7 the works and all records, accounts and data of the City
8 relating thereto. Such inspections may be made by
9 representatives duly authorized by written instrument.

10 SECTION 14. Rate Covenant. The City covenants
11 and agrees that it will establish and maintain just and
12 equitable rates or charges for the use of and the service
13 rendered by said works, to be paid by the owner of each
14 and every lot, parcel of real estate or building that is
15 connected with and uses said sewage works by or through
16 any part of the sewage system of the City, or that in any
17 way uses or is served by such works; that such rates or
18 charges shall be sufficient in each year for the payment
19 of the proper and reasonable expenses of operation,
20 repair and maintenance of the works, and for the payment
21 of the sums required to be paid into the Sewage Works
22 Sinking Fund by the Sewer Act, the Refunding Act and this
23 Ordinance; and that such rates or charges shall be
24 sufficient in each year to produce net revenues, as
25 defined in Section 10 of this Ordinance, equal to 1.1
26 times the greater of the average annual debt service on
27 the 1985 Refunding Bonds, the 1993 Bonds, and all bonds
28 on a parity therewith or the debt service payable during
29 the next succeeding twelve calendar months on the 1985
30 Refunding Bonds, the 1993 Bonds, and all bonds on a
31 parity therewith. For these purposes, the interest rate
32 on variable rate debt shall be assumed to be the average
interest rate thereon in the preceding calendar year.
Such rates or charges shall, if necessary, be changed and
readjusted from time to time so that the revenues

1 therefrom shall always be sufficient to meet the expenses
2 of operation, repair and maintenance, depreciation and
3 the requirements of the Sewage Works Sinking Fund. The
4 rates or charges so established shall apply to any and
5 all use of such works by and service rendered to the
6 City and all departments thereof, and shall be paid semi-
7 annually by the City or the various departments thereof
8 as the charges accrue.

9 SECTION 15. Defeasance. If, when the 1993
10 Bonds or any portion thereof shall have become due and
11 payable in accordance with their terms or shall have been
12 duly called for redemption or irrevocable instructions to
13 call the 1993 Bonds or any portion thereof for redemption
14 shall have been given, and the whole amount of the
15 principal and the interest so due and payable upon all of
16 such bonds or any portion thereof then outstanding shall
17 be paid, or (i) cash, or (ii) direct non-callable
18 obligations of (including obligations issued or held in
19 book entry form on the books of) the Department of the
20 Treasury of the United States of America, and securities
21 fully and unconditionally guaranteed as to the timely
22 payment of principal and interest by the United States of
23 America, to which direct obligation or guarantee the full
24 faith and credit of the United States of America has been
25 pledged, and to the extent permitted by Indiana law,
26 Refcorp interest strips, CATS, TIGRS, STRPS, or defeased
27 municipal bonds rated AAA by Standard & Poor's
28 Corporation or Aaa by Moody's Investors Service (or any
29 combination thereof), the principal of and the interest
30 on which when due without reinvestment will provide
31 sufficient moneys, or (iii) any combination of the
32 foregoing, shall be held irrevocably in trust for such
purpose, and provision shall also be made for paying all
fees and expenses for the redemption, then and in that
case the 1993 Bonds or any designated portion thereof

1 issued hereunder shall no longer be deemed outstanding or
2 entitled to the pledge of the net revenues of the City's
3 sewage works.

4 SECTION 16. Additional Bonds. The City
5 reserves the right to authorize and issue additional
6 bonds, payable out of the revenues of its sewage works,
7 ranking on a parity with the 1993 Bonds, for the purpose
8 of financing the cost of future additions, extensions and
9 improvements to the sewage works, or to provide for a
10 complete or partial refunding of bonds payable out of the
11 revenues of the sewage works, subject to the following
12 conditions:

13 (a) The interest on and principal of all
14 bonds payable from the revenues of the sewage
15 works shall have been paid to date in
16 accordance with the terms thereof, provided,
17 this condition shall be deemed satisfied if
18 any required amount is to be provided from the
19 proceeds of the parity bonds or other funds of
20 the City.

21 (b) As of the date of issuance of such
22 additional bonds, the balance in the Sewage
23 Works Reserve Account shall equal not less
24 than the Sewage Works Reserve Requirement
25 calculated to include principal and interest
26 requirements on the 1993 Bonds, any then
27 outstanding parity bonds and the additional
28 parity bonds proposed to be issued, provided,
29 this condition shall be deemed satisfied if
30 any required amount is to be provided from the
31 proceeds of the newly issued parity bonds or
32 other funds of the City, and furthermore, the
ordinance authorizing the proposed additional
parity bonds must include a provision
requiring the City to build the balance in the

1 Sewage Works Reserve Account to an amount
2 equal to the Sewage Works Reserve Requirement
3 for the proposed additional parity bonds,
4 unless the Sewage Works Reserve Account is
5 fully funded as of the time of issuance of the
6 additional parity bonds, from available net
7 revenues within twelve (12) months from
8 substantially equal monthly deposits after
9 required monthly deposits to the Sinking Fund.

10 (c) The net operating revenues of the
11 sewage works in the fiscal year immediately
12 preceding the issuance of any such bonds
13 ranking on a parity with the 1993 Bonds shall
14 be not less than one hundred twenty percent
15 (120%) of the maximum annual interest and
16 principal requirements of the then outstanding
17 1993 Bonds, any then outstanding parity bonds
18 and the additional parity bonds proposed to be
19 issued; or, prior to the issuance of said
20 parity bonds, the sewage rates and charges
21 shall be increased or the service area or
22 customer base shall be expanded sufficiently
23 so that said increased rates and charges
24 and/or volume applied to the previous fiscal
25 year's operations would have produced net
26 operating revenues for said year equal to not
27 less than one hundred twenty percent (120%) of
28 the maximum annual interest and principal
29 requirements of the then outstanding 1993
30 Bonds, any then outstanding parity bonds and
31 the additional parity bonds proposed to be
32 issued; provided, however, annual interest and
principal requirements of a series of bonds
may be reduced in inverse order of maturity
for the purposes of this subsection by the

1 balance in the Sewage Works Reserve Account
2 allocable thereto. For purposes of this
3 subsection, the records of the sewage works
4 shall be analyzed and all showings shall be
5 prepared by a certified public accountant or
6 independent financial advisor employed by the
7 City for that purpose.

8 (d) The principal of said additional
9 parity bonds shall be payable on August 1 and
10 the interest on said additional parity bonds
11 shall be payable semiannually on February 1
12 and August 1 during the periods in which
13 principal and interest are payable, and, if
14 the additional parity bonds are issued as
15 capital appreciation bonds, the amount payable
16 at maturity thereof shall be payable on
17 February 1 and/or August 1 during the periods
18 in which such maturity amounts are payable.

19 (e) Additional parity bonds issued as
20 variable rate debt must be assumed to bear the
21 maximum interest rate thereon for the purpose
22 of certifying satisfaction of the 120%
23 condition set forth above, and a maximum rate
24 must be set for any such variable rate
25 additional parity bonds. Furthermore, any put
26 feature associated with such variable rate
27 debt must be covered by remarketing proceeds
28 or a liquidity facility issued by a provider
29 which is either (i) rated in one of the two
30 highest short-term rating categories of
31 Moody's Investors Service or Standard & Poors
32 Corporation, or (ii) for as long as any 1993
bonds are insured by the Bond Insurer (as
defined in Section 22), acceptable to the Bond
Insurer.

1 (f) To the extent applicable, the
2 requirement of Section 22(f) shall be
3 satisfied.

4 SECTION 17. Additional Covenants of the City.

5 For the purpose of further safeguarding the interests of
6 the holders of the 1993 Bonds, it is specifically
7 provided as follows:

8 (a) The City shall at all times maintain
9 its sewage works in good condition and operate
10 the same in an efficient manner and at a
11 reasonable cost.

12 (b) So long as any of the 1993 Bonds are
13 outstanding, the City shall maintain insurance
14 on the insurable parts of said works of a kind
15 and in an amount such as would normally be
16 carried by private companies engaged in a
17 similar type of business. All insurance shall
18 be placed with responsible insurance companies
19 qualified to do business under the laws of the
20 State of Indiana. In addition to or in lieu
21 of the foregoing, the City may provide for
22 coverage on all or part of the works
23 comparable to that described above through a
24 self-insurance program. Insurance proceeds
25 shall be used in replacing or repairing the
26 property destroyed or damaged; or if not used
27 for that purpose shall be treated and applied
28 as net revenues of the works.

29 (c) So long as any of the 1993 Bonds are
30 outstanding, the City shall not mortgage,
31 pledge or otherwise encumber such works, or
32 any part thereof, nor shall it sell, lease or
otherwise dispose of any portion thereof
except replaced equipment which may become
worn out or obsolete or other property not

1 required for proper operation and maintenance
2 of the works.

3 (d) Except as provided in Section 16
4 hereof, so long as any of the 1993 Bonds are
5 outstanding, no additional bonds or other
6 obligations pledging any portion of the
7 revenues of the sewage works shall be
8 authorized, executed, or issued by the City
9 except such as shall be made subordinate and
10 junior in all respects to the 1993 Bonds,
11 unless all of the 1993 Bonds are redeemed,
12 retired or defeased coincidentally with the
13 delivery of such additional bonds or other
14 obligations.

15 (e) The City shall take all action or
16 proceedings necessary and proper to require
17 connection of all property where liquid and
18 solid waste, sewage, night soil, or industrial
19 waste is produced with available sanitary
20 sewers. The City shall, insofar as possible,
21 cause all such sanitary sewers to be connected
22 with the sewage works.

23 (f) This Ordinance shall not be repealed
24 or amended in any respect which will adversely
25 affect the rights of the owners of any 1993
26 Bonds, nor shall the Common Council adopt any
27 law, ordinance or resolution which in any way
28 adversely affects the rights of such owners so
29 long as any of said bonds or the interest
30 thereon remain unpaid.

31 (g) The provisions of this Ordinance
32 shall be construed to create a trust in the
proceeds of the sale of the 1993 Bonds for the
uses and purposes herein set forth. The
provisions of this Ordinance shall also be

construed to create a trust in the portion of the net revenues herein directed to be set apart and paid into the Sinking Fund and for the uses and purposes of said Fund as set forth in this Ordinance. The owners of the 1993 Bonds shall have all of the rights, remedies and privileges set forth under the Act in the event of default in the payment of the principal of or interest on any of the 1993 Bonds or in the event of default with respect to any of the provisions of this Ordinance or the Act, subject to the rights of the holders of the Refunded Bonds and the 1985 Refunding Bonds.

SECTION 18. Tax Covenants. In order to preserve the exclusion of interest on the 1993 Bonds from gross income for federal income tax purposes and as an inducement to purchasers of the 1993 Bonds, the City represents, covenants and agrees that:

(a) No person or entity, other than the City or another state or local governmental unit, will use proceeds of the 1993 Bonds or property financed by the 1993 Bond proceeds other than as a member of the general public. No person or entity other than the City or another state or local governmental unit will own property financed by 1993 Bond proceeds or will have actual or beneficial use of such property pursuant to a lease, a management or incentive payment contract, an arrangement such as take-or-pay or output contract, or any other type of arrangement that differentiates that person's or entity's use of such property from the use by the public at large.

1 (b) No 1993 Bond proceeds will be loaned
2 to any entity or person other than a state or
3 local governmental unit. No 1993 Bond
4 proceeds will be transferred, directly or
5 indirectly, or deemed transferred to a
6 non-governmental person in any manner that
7 would in substance constitute a loan of the
8 1993 Bond proceeds.

9 (c) The City will not take any action or
10 fail to take any action with respect to the
11 1993 Bonds that would result in the loss of
12 the exclusion from gross income for federal
13 income tax purposes of interest on the 1993
14 Bonds pursuant to Section 103 of the Internal
15 Revenue Code of 1986 as in effect on the date
16 of issuance of the 1993 Bonds (the "Code"),
17 including, without limitation, the taking of
18 such action as is necessary to rebate or cause
19 to be rebated arbitrage profits on 1993 Bond
20 proceeds or other monies treated as 1993 Bond
21 proceeds to the federal government as provided
22 in Section 148 of the Code, and will set aside
23 such monies, which may be paid from investment
24 income on funds and accounts, in trust for
25 such purposes.

26 (d) The City will file an information
27 report Form 8038-G with the Internal Revenue
28 Service as required by Section 149 of the
29 Code.

30 (e) The City will not make any
31 investment or do any other act or thing during
32 the period that any 1993 Bond is outstanding
hereunder which would cause any 1993 Bond to
be an "arbitrage bond" within the meaning of
Section 148 of the Code and the regulations

1 applicable thereto as in effect on the date of
2 delivery of the 1993 Bonds.

3 The City will not take any action or fail to take any
4 action with respect to the 1993 Bonds that would result
5 in the loss of the exclusion from gross income for
6 federal income tax purposes of interest on the 1993 Bonds
7 pursuant to Section 103(a) of the Code, and the City will
8 not act in any manner which would adversely affect such
9 exclusion.

10 Notwithstanding any other provisions of this
11 Ordinance, the foregoing covenants and authorizations
12 (the "Tax Sections") which are designed to preserve the
13 exclusion of interest on the 1993 Bonds from gross income
14 under federal income tax law (the "Tax Exemption") need
15 not be complied with if the City receives an opinion of
16 nationally recognized bond counsel that any Tax Section
17 is unnecessary to preserve the Tax Exemption.

18 SECTION 19. Amendments. Subject to the terms
19 and provisions contained in this section, and not
20 otherwise, the owners of not less than sixty-six and
21 two-thirds per cent (66-2/3%) in aggregate principal
22 amount of the 1993 Bonds then outstanding shall have the
23 right, from time to time, anything contained in this
24 Ordinance to the contrary notwithstanding, to consent to
25 and approve the adoption by the City of such ordinance or
26 ordinances supplemental hereto as shall be deemed
27 necessary or desirable by the City for the purpose of
28 modifying, altering, amending, adding to or rescinding in
29 any particular any of the terms or provisions contained
30 in this Ordinance, or in any supplemental ordinance;
31 provided, however, that nothing herein contained shall
32 permit or be construed as permitting:

(a) An extension of the maturity of the
principal of or interest or premium, if any,

1 on any 1993 Bond or an advancement of the
2 earliest redemption date on any 1993 Bond; or

3 (b) A reduction in the principal amount
4 of any 1993 Bond or the redemption premium or
5 the rate of interest thereon, or a change in
6 the monetary medium in which such amounts are
7 payable; or

8 (c) The creation of a lien upon or a
9 pledge of the revenues of the sewage works
10 ranking prior to the pledge thereof created by
11 this Ordinance; or

12 (d) A preference or priority of any 1993
13 Bond or Bonds over any other 1993 Bond or
14 Bonds; or

15 (e) A reduction in the aggregate
16 principal amount of the 1993 Bonds required
17 for consent to such supplemental ordinance.

18 If the City shall desire to obtain any such
19 consent, it shall cause the Registrar to mail a notice,
20 postage prepaid, to the addresses appearing on the
21 registration books held by the Registrar. Such notice
22 shall briefly set forth the nature of the proposed
23 supplemental ordinance and shall state that a copy
24 thereof is on file at the office of the Registrar for
25 inspection by all owners of the 1993 Bonds. The
26 Registrar shall not, however, be subject to any liability
27 to any owners of the 1993 Bonds by reason of its failure
28 to mail such notice, and any such failure shall not
29 affect the validity of such supplemental ordinance when
30 consented to and approved as herein provided.

31 Whenever at any time within one year after the
32 date of the mailing of such notice, the City shall
receive any instrument or instruments purporting to be
executed by the owners of the 1993 Bonds of not less than
sixty-six and two-thirds per cent (66-2/3%) in aggregate

1 principal amount of the 1993 Bonds then outstanding,
2 which instrument or instruments shall refer to the
3 proposed supplemental ordinance described in such notice,
4 and shall specifically consent to and approve the
5 adoption thereof in substantially the form of the copy
6 thereof referred to in such notice as on file with the
7 Registrar, thereupon, but not otherwise, the City may
8 adopt such supplemental ordinance in substantially such
9 form, without liability or responsibility to any owners
10 of the 1993 Bonds, whether or not such owners shall have
11 consented thereto.

12 No owner of any 1993 Bond shall have any right
13 to object to the adoption of such supplemental ordinance
14 or to object to any of the terms and provisions contained
15 therein or the operation thereof, or in any manner to
16 question the propriety of the adoption thereof, or to
17 enjoin or restrain the City or its officers from adopting
18 the same, or from taking any action pursuant to the
19 provisions thereof. Upon the adoption of any
20 supplemental ordinance pursuant to the provisions of this
21 section, this Ordinance shall be, and shall be deemed,
22 modified and amended in accordance therewith, and the
23 respective rights, duties and obligations under this
24 Ordinance of the City and all owners of 1993 Bonds then
25 outstanding, shall thereafter be determined exercised and
26 enforced in accordance with this Ordinance, subject in
27 all respects to such modifications and amendments.
28 Notwithstanding anything contained in the foregoing
29 provisions of this Ordinance, the rights and obligations
30 of the City and of the owners of the 1993 Bonds, and the
31 terms and provisions of the 1993 Bonds and this
32 Ordinance, or any supplemental ordinance, may be modified
or altered in any respect with the consent of the City
and the consent of the owners of all the 1993 Bonds then
outstanding.

1 Without notice to or consent of the owners of
2 the 1993 Bonds, the City may, from time to time and at
3 any time, adopt such ordinances supplemental hereto as
4 shall not be inconsistent with the terms and provisions
5 hereof (which supplemental ordinances shall thereafter
6 form a part hereof),

7 (a) to cure any ambiguity or formal
8 defect or omission in this Ordinance or in any
9 supplemental ordinance; or

10 (b) to grant to or confer upon the
11 owners of the 1993 Bonds any additional
12 rights, remedies, powers, authority or
13 security that may lawfully be granted to or
14 conferred upon the owners of the 1993 Bonds;
15 or

16 (c) to procure a rating on the 1993
17 Bonds from a nationally recognized securities
18 rating agency designated in such supplemental
19 ordinance, if such supplemental ordinance will
20 not adversely affect the owners of the 1993
21 Bonds; or

22 (d) to make any other change which is
23 not to the prejudice of the owners of the 1993
24 Bonds; or

25 (e) to provide for the refunding or
26 advance refunding of the 1993 Bonds.

27 To the extent applicable, any supplemental
28 ordinance shall be subject to the requirements of Section
29 22(b).

30 SECTION 20. Defaults. In the event available
31 moneys hereunder, subject to the restrictions on use of
32 money held under this Ordinance as set forth herein, and
other monies available for such purpose are insufficient
to pay debt service on all bonds payable from the
revenues of the sewage works when due, available moneys

shall be applied, after payment of all costs and expenses associated therewith, to the 1993 Bonds and any additional bonds issued in accord with Section 16 hereof (together, "Parity Bonds"), subject to any rights of the holders of the Refunded Bonds and the 1985 Bonds, as follows:

First - To the payment to the persons entitled thereto of all installments of interest then due, including interest on any past due principal at the rate borne by such bond, in the order of the maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment, then to such payment ratably, according to the amounts due on such installments, to the persons entitled thereto, without any discrimination or privilege; and

Second - To the payment to the persons entitled thereto of the unpaid principal of and premium on any of such bonds which shall have become due either at maturity or pursuant to a call for redemption (other than bonds called for redemption for the payment of which other moneys are held), in the order of their due dates, and, if the amount available shall not be sufficient to pay in full the amounts due on any particular date, then to such payment ratably, according to the amount due on such date, to the persons entitled thereto without any discrimination or privilege.

During the continuance of any default in the payment of either principal of or interest or premium on any 1993 Bond or other Parity Bond, and during any time

that the amount held in the Sewage Works Reserve Account is less than the Sewage Works Reserve Requirement, no payment shall be made with respect to any subordinate and junior bonds issued in accord with Section 17(d) hereof ("Junior Bonds"). Moneys available for payment to holders of Junior Bonds shall, in the event of an insufficient amount being available to pay all debt service with respect to the Junior Bonds when due, be applied to the Junior Bonds in accordance with the sequence and other terms set forth above with respect to payments regarding Parity Bonds unless otherwise provided in the ordinance authorizing the Junior Bonds.

SECTION 21. Approval of Official Statement.

The distribution of the preliminary official statement with respect to the 1993 Bonds, substantially in the form presented to this meeting, with such changes and modifications as may be authorized by the Mayor, as evidenced by his signature thereon, is hereby authorized, approved and ratified, and this Council hereby deems final said official statement, as of its date, in accordance with the provisions of Rule 15c2-12 of the Securities and Exchange Commission, subject to completion as permitted by said Rule, and the Common Council further authorizes the distribution of the deemed final official statement, and the execution, delivery and distribution of such document as further modified and amended in the form of a final official statement.

SECTION 22. Provisions Regarding Bond

Insurance. The provisions of this Section shall apply with respect to any 1993 Bonds owned or insured by the Bond Insurer (as defined below) except to the extent waived in writing by the Bond Insurer.

(a) Definitions. The terms:

1 "Bond Insurer" shall mean Financial
2 Guaranty Insurance Company, a New York stock
3 insurance company, or any successor thereto.

4 "Bond Insurance Policy" shall mean the
5 municipal bond new issue insurance policy
6 issued by the Bond Insurer that guarantees
7 payment of principal of and interest on the
8 1993 Bonds.

9 (b) Consent of Bond Insurer to
10 Amendments Required. Any amendment or
11 supplement to this Ordinance shall be subject
12 to the prior written consent of the Bond
13 Insurer. Any rating agency rating the 1993
14 Bonds must receive notice of each amendment or
15 supplement and a copy thereof at least fifteen
16 (15) days in advance of its execution or
17 adoption.

18 (c) Notices. The City shall furnish to
19 the Bond Insurer:

20 (1) Within 120 days after the end of the
21 City's fiscal year, budget for the new year;
22 latest annual audited financial statements; a
23 statement of the amount on deposit in the
24 Sewage Works Reserve Account as of the last
25 valuation (as described in (d) below); if not
26 presented in the audited financial statements,
27 a statement of the net revenues pledged to
28 payment of 1993 Bonds in such fiscal year; the
29 number of system users as of the end of the
30 fiscal year; notification of the withdrawal of
31 any system user comprising 4% or more of
32 system sales measured in terms of revenue
 dollars since the last reporting date; and any
 significant plant retirements or expansions

1 planned or undertaken since the last reporting
2 date;

3 (2) Official statement or other
4 disclosure, if any, prepared in connection
5 with the issuance of additional bonds, whether
6 or not issued on a parity with the 1993 Bonds,
7 within 30 days after the sale thereof;

8 (3) Notice of any draw upon the Sewage
9 Works Reserve Account, or any deficiency as of
10 the latest valuation due to market fluctuation
11 in the amount on deposit in the Sewage Works
12 Reserve Account;

13 (4) Notice of the redemption of any of
14 the 1993 Bonds, including the principal
15 amount, maturities and CUSIP numbers thereof;
16 and

17 (5) Such additional information as the
18 Bond Insurer may reasonably request from time
19 to time.

20 (d) Valuation of Sewage Works Reserve
21 Account; Permitted Investments.

22 (1) Within ninety (90) days after the
23 end of each fiscal year, amounts held in the
24 Reserve Account shall be valued at the lesser
25 of cost or the market value thereof. If the
26 market valuation is less than ninety percent
27 (90%) of the Sewage Works Reserve Requirement,
28 the deficiency shall be restored within twelve
29 (12) months from the date of the valuation (i)
30 in twelve (12) substantially equal monthly
31 deposits from the next available net revenues
32 after required deposits to the Sinking Fund,
and/or (ii) from revaluation of investments at
the market value thereof, exclusive of accrued
interest.

The value of such investments shall be determined as follows:

(A) as to investments the bid and asked prices of which are published on a regular basis in The Wall Street Journal (or, if not there, then in The New York Times): the average of the bid and asked prices for such investments so published on or most recently prior to the time of determination;

(B) as to investments the bid and asked prices of which are not published on a regular basis in The Wall Street Journal or The New York Times: the average bid price at the time of determination for such investments by any two nationally recognized government securities dealers (selected by the Paying Agent in its absolute discretion) at the time making a market in such investments or the bid price published by a nationally recognized pricing service;

(C) as to certificates of deposit and bankers acceptances: the face amount thereof, plus accrued interest; and

(D) as to any investment not specified above: the value thereof established by prior agreement between the City and the Bond Insurer.

(2) All investments of the funds and accounts described in this Ordinance shall be limited to the following:

(A) direct obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, provided, that the full faith and credit of the United States of America must be pledged to any such direct obligation or guarantee ("Direct Obligations");

(B) direct obligations and fully guaranteed certificates of beneficial interest of the Export-Import Bank of the United States; consolidated debt obligations and letter of credit-backed issues of the Federal Home Loan Banks; participation certificates and senior debt obligations of the Federal Home Loan Mortgage Corporation ("FHLMCs"); debentures of the Federal Housing Administration; mortgage-backed securities (except stripped mortgage securities which are valued greater than par on the portion of unpaid principal) and senior debt obligations of the Federal National Mortgage Association ("FNMAs"); participation certificates of the General Services Administration; guaranteed mortgage-backed securities and guaranteed participation certificates of the

Government National Mortgage Association ("GNMAs"); guaranteed participation certificates and guaranteed pool certificates of the Small Business Administration; debt obligations and letter of credit-backed issues of the Student Loan Marketing Association; local authority bonds of the U.S. Department of Housing & Urban Development; guaranteed Title XI financing of the U.S. Maritime Administration; guaranteed transit bonds of the Washington Metropolitan Area Transit Authority; Resolution Funding Corporation securities;

- (C) direct obligations of any state of the United States of America or any subdivision or agency thereof whose unsecured, uninsured and unguaranteed general obligation debt is rated, at the time of purchase, "A" or better by Moody's Investors Service and "A" or better by Standard & Poor's Corporation, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose unsecured, uninsured and unguaranteed general obligation debt is rated, at the time of purchase, "A" or better by Moody's Investors Service and "A" or better by Standard & Poor's Corporation;

(D) commercial paper (having original maturities of not more than 270 days) rated, at the time of purchase, "P-1" by Moody's Investors Service and "A-1" or better by Standard & Poor's Corporation;

(E) Federal funds, unsecured certificates of deposit, time deposits or bankers acceptances (in each case having maturities of not more than 365 days) of any domestic bank including a branch office of a foreign bank which branch office is located in the United States, provided legal opinions are received to the effect that full and timely payment of such deposit or similar obligation is enforceable against the principal office or any branch of such bank, which, at the time of purchase, has a short-term "Bank Deposit" rating of "P-1" by Moody's and a "Short-Term CD" rating of "A-1" or better by S&P;

(F) deposits of any bank or savings and loan association which has combined capital, surplus and undivided profits or not less than \$3 million, provided such deposits are continuously and fully insured by the Bank Insurance Fund or the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation;

1 (G) investments in money-market funds
2 rated "AAAm" or "AAAM-G" by Standard
3 & Poor's Corporation;

4 (H) repurchase agreements collateralized
5 by Direct Obligations, GNMA's, FNMA's
6 or FHLMCs with any registered
7 broker/dealer subject to the
8 Securities Investors' Protection
9 Corporation jurisdiction or any
10 commercial bank insured by the FDIC,
11 if such broker/dealer or bank has an
12 uninsured, unsecured and
13 unguaranteed obligation rated "P-1"
14 or A3" or better by Moody's
15 Investors Service, and "A-1" or "A-"
16 or better by Standard & Poor's
17 Corporation, provided:

18 a. a master repurchase agreement
19 or specific written repurchase
20 agreement governs the
21 transaction; and

22 b. the securities are held free
23 and clear of any lien by the
24 Trustee or an independent third
25 party acting solely as agent
26 ("Agent") for the Trustee, and
27 such third party is (i) a
28 Federal Reserve Bank, (ii) a
29 bank which is a member of the
30 Federal Deposit Insurance
31 Corporation and which has
32 combined capital, surplus and
undivided profits of not less
than \$50 million or (iii) a
bank approved in writing for

such purpose by Financial Guaranty Insurance Company, and the Trustee shall have received written confirmation from such third party that it holds such securities, free and clear of any lien, as agent for the Trustee; and

c. a perfected first security interest under the Uniform Commercial Code, or book entry procedures prescribed at 31 C.F.R. 306.1 et seq. or 31 C.F.R. 350 et seq. in such securities is created for the benefit of the Trustee; and

d. the repurchase agreement has a term of 180 days or less, and the Trustee or the Agent will value the collateral securities no less frequently than weekly and will liquidate the collateral securities if any deficiency in the required collateral percentage is not restored within two business days of such valuation; and

e. the fair market value of the securities in relation to the amount of the repurchase obligation, including principal and interest, is equal to at least 103%.

(e) Defeasance and Redemption Provisions. Notwithstanding anything herein

to the contrary, in the event that the principal and/or interest due on the 1993 Bonds shall be paid by the Bond Insurer pursuant to the Bond Insurance Policy, the 1993 Bonds shall remain outstanding for all purposes (including for purposes of Section 15 hereof), not be defeased or otherwise satisfied and not be considered paid by the City, and the pledge of security for the 1993 Bonds herein and all covenants, agreements and other obligations of the City to the registered owners of 1993 Bonds shall continue to exist and shall run to the benefit of the Bond Insurer, and the Bond Insurer shall be subrogated to the rights of such registered owners.

In the event of an advance refunding, the City shall cause to be delivered a verification report of an independent nationally recognized certified public accountant.

(f) Conditions to Issuance of Additional Bonds. Notwithstanding satisfaction of other conditions to the issuance of additional bonds contained in Section 16 of this Ordinance, no such issuance may occur should any default hereunder have occurred and be continuing.

Additional parity bonds may be issued upon demonstration that net revenues, as certified by an independent firm of certified public accountants, equalled at least (i) 120% of maximum annual debt service on all outstanding bonds which are senior to or on a parity with the 1993 Bonds and proposed parity bonds and (ii) 100% of maximum annual debt

service on all outstanding subordinate debt, in each case for a period of twelve (12) consecutive months during the eighteen (18) month period immediately preceding the proposed issuance date. For this purpose, net revenues may be adjusted to give effect to the following:

(1) Rates that went into effect prior to the issuance of the proposed bonds, as if they were in effect for the entire twelve (12) month test period;

(2) New customers which consist of existing residential, commercial and industrial dwellings that were connected to the works prior to the issuance of the proposed bonds, as if such customers had been connected to the works for the entire twelve (12) month test period;

(3) The acquisition of a surrounding system prior to the issuance of the proposed bonds or a system that will be acquired with the issuance of the proposed bonds; and

(4) Long-term wholesale contracts entered into prior to the issuance of the proposed bonds which have a service agreement that extends beyond the final maturity of the proposed bonds to be issued.

(g) Payment Procedure. As long as the Bond Insurance Policy shall be in full force and effect, the City and any Paying Agent agree to comply with the following provisions:

(i) If, on the third day preceding any interest payment date for the 1993 Bonds, there is not on deposit with the Registrar sufficient moneys available to pay all

principal of and interest on the 1993 Bonds due on such date, the Registrar shall immediately notify the Bond Insurer and Citibank, N.A., New York, New York or its successor as its Fiscal Agent (the "Fiscal Agent") of the amount of such deficiency. If, by said interest payment date, the City has not provided the amount of such deficiency, the Registrar shall simultaneously make available to the Bond Insurer and to the Fiscal Agent the registration books for the 1993 Bonds maintained by the Registrar. In addition:

(A) The Registrar shall provide the Bond Insurer with a list of the bondholders entitled to receive principal or interest payments from the Bond Insurer under the terms of the Bond Insurance Policy and shall make arrangements for the Bond Insurer and its Fiscal Agent (1) to mail checks or drafts to bondholders entitled to receive full or partial interest payments from the Bond Insurer and (2) to pay principal of the 1993 Bonds surrendered to the Fiscal Agent by the bondholders entitled to receive full or partial principal payments from the Bond Insurer; and

(B) The Registrar shall, at the time it makes the registration books available to the Bond Insurer pursuant to (A) above, notify bondholders entitled to receive the payment of principal of or interest on the 1993 Bonds from the Bond Insurer (1) as to the fact of such entitlement,

1 (2) that the Bond Insurer will remit to
2 them all or part of the interest payments
3 coming due subject to the terms of the
4 Bond Insurance Policy, (3) that, except
5 as provided in paragraph (ii) below, in
6 the event that any bondholder is entitled
7 to receive full payment of principal from
8 the Bond Insurer, such bondholder must
9 tender his 1993 Bond with the instrument
10 of transfer in the form provided on such
11 1993 Bond executed in the name of the
12 Bond Insurer, and (4) that, except as
13 provided in paragraph (ii) below, in the
14 event that such bondholder is entitled to
15 receive partial payment of principal from
16 the Bond Insurer, such bondholder must
17 tender such 1993 Bond for payment first
18 to the Registrar, which shall note on
19 such 1993 Bond the portion of principal
20 paid by the Registrar, and then, with an
21 acceptable form of assignment executed in
22 the name of the Bond Insurer, to the
23 Fiscal Agent, which will then pay the
24 unpaid portion of principal to the
25 bondholder subject to the terms of the
26 Bond Insurance Policy.

27 (ii) In the event that the Registrar has
28 notice that any payment of principal of or
29 interest on a 1993 Bond has been recovered
30 from a bondholder pursuant to the United
31 States Bankruptcy Code by a trustee in
32 bankruptcy in accordance with the final,
nonappealable order of a court having
competent jurisdiction, the Registrar shall,
at the time it provides notice to the Bond

1 Insurer, notify all bondholders that in the
2 event that any bondholder's payment is so
3 recovered, such bondholder will be entitled to
4 payment from the Bond Insurer to the extent of
5 such recovery, and the Registrar shall furnish
6 to the Bond Insurer its records evidencing the
7 payments of principal of and interest on the
8 1993 Bonds which have been made by the
9 Registrar and subsequently recovered from
10 bondholders, and the dates on which such
11 payments were made.

12 (iii) The Bond Insurer shall, to the
13 extent it makes payment of principal of or
14 interest on the 1993 Bonds, become subrogated
15 to the rights of the recipients of such
16 payments in accordance with the terms of the
17 Bond Insurance Policy and, to evidence such
18 subrogation, (1) in the case of subrogation as
19 to claims for past due interest, the Registrar
20 shall note the Bond Insurer's rights as
21 subrogee on the registration books maintained
22 by the Registrar upon receipt from the Bond
23 Insurer of proof of the payment of interest
24 thereon to the bondholders of such 1993 Bonds
25 and (2) in the case of subrogation as to
26 claims for past due principal, the Registrar
27 shall note the Bond Insurer's rights as
28 subrogee on the registration books for the
29 1993 Bonds maintained by the Registrar upon
30 receipt of proof of the payment of principal
31 thereof to the holders of such 1993 Bonds.
32 Notwithstanding anything in this Ordinance or
the 1993 Bonds to the contrary, the Registrar
shall make payment of such past due interest
and past due principal directly to the Bond

Insurer to the extent that the Bond Insurer is a subrogee with respect thereto.

(h) Paying Agent Provisions.

Notwithstanding any other provision of this Ordinance, no removal or resignation of the Paying Agent shall take effect until a successor has been appointed and has accepted the duties of Paying Agent. The Bond Insurer shall be furnished with written notice of the resignation or removal of the Paying Agent and the appointment of any successor thereto.

(i) Interested Parties. To the extent

that this Ordinance confers upon or gives or grants to the Bond Insurer any right, remedy or claim under or by reason of this Ordinance, the Bond Insurer is hereby explicitly recognized as being a third-party beneficiary hereunder and may enforce any such right, remedy or claim conferred, given or granted hereunder.

Nothing in this Ordinance expressed or implied is intended or shall be construed to confer upon, or to give or grant to, any person or entity, other than the City, the Bond Insurer, the Registrar and Paying Agent and the registered owners of the 1993 Bonds, any right, remedy or claim under or by reason of this Ordinance or any covenant, condition or stipulation hereunder, and all covenants, stipulations, promises and agreements in this Ordinance contained by and on behalf of the City shall be for the sole and exclusive benefit of the City, the Bond Insurer, the Registrar and Paying Agent and the registered owners of the 1993 Bonds.

(j) Notices. The notice addresses for the Bond Insurer and the Fiscal Agent are as follows:

Financial Guaranty Insurance Company
115 Broadway
New York, New York 10006
Attention: Managing Counsel

Citibank, N.A.
20 Exchange Place - 16th Floor
New York, New York 10005
Attention: Municipal Trust and Agency

Services

Administration

SECTION 23. No Conflict. Except as described in Section 26 below, all ordinances and parts of ordinances in conflict herewith are hereby repealed.

SECTION 24. Severability. If any section, paragraph or provision of this Ordinance shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this Ordinance.

SECTION 25. Holidays, Etc. If the date of making any payment or the last date for performance of any act or the exercising of any right, as provided in this Ordinance, shall be a legal holiday or a day on which banking institutions in the City or the city in which the Registrar or Paying Agent is located are typically closed or on which the Fiscal Agent is authorized by law to remain closed, such payment may be made or act performed or right exercised on the next succeeding day not a legal holiday or a day on which such banking institutions are typically closed or on which the Fiscal Agent is authorized by law to remain closed, with the same force and effect as if done on the nominal date provided in this Ordinance, and no interest shall accrue for the period after such nominal date.

SECTION 26. Effectiveness. This Ordinance shall be in full force and effect from and after its passage, provided, the provisions of the ordinance pursuant to which the 1986 Bonds were issued shall remain in effect and shall supercede the provisions of this Ordinance in the event of any conflict with this Ordinance until such time as the 1993 Bonds are issued.

Councilmember

APPROVED AS TO FORM
AND LEGALITY

J. Timothy McCaulay
J. Timothy McCaulay
City Attorney

EXHIBIT A
Maturity Schedule

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<u>Year</u>	<u>Amount</u>
1994	\$ 675,000
1995	215,000
1996	220,000
1997	235,000
1998	245,000
1999	260,000
2000	280,000
2001	290,000
2002	310,000
2003	330,000
2004	350,000
2005	375,000
2006	400,000
2007	425,000
2008	450,000
2009	485,000
2010	605,000

o

EXHIBIT B

ESCROW AGREEMENT

Dated as of _____, 1993

Between

NORWEST BANK FORT WAYNE, N.A.

and

CITY OF FORT WAYNE, INDIANA

THIS ESCROW AGREEMENT (the "Escrow Agreement") is made and entered into as of _____, 1993, by and between the CITY OF FORT WAYNE, INDIANA (the "City" or "Issuer"), and Norwest Bank Fort Wayne, N.A., a banking corporation organized under the laws of the United States (the "Escrow Agent").

RECITALS

WHEREAS, the City has outstanding certain Sewage Works Improvement Revenue Bonds of 1961 (the "1961 Bonds"), maturing on August 1, 1993, which bonds constitute a first charge upon the net revenues of the sewage works; and

WHEREAS, the City also has outstanding certain Sewage Works Improvement Revenue Bonds of 1970 ("the 1970 Bonds"), maturing on August 1 in the years 1993 to 1995, inclusive, which bonds constitute a first charge upon the net revenues of the sewage works and are on a parity with the 1961 Bonds; and

WHEREAS, the City also has outstanding certain Sewage Works Improvement Revenue Bonds of 1975 (the "1975 Bonds"), maturing on August 1 in the years 1993 to 1997, inclusive, which bonds constitute a first charge upon the net revenues of the sewage works and are on a parity with the 1961 Bonds and the 1970 Bonds; and

WHEREAS, the City also has outstanding certain Sewage Works Revenue Bonds of 1982 (the "1982A Bonds") maturing on August 1 in the years 1996 to 2000, inclusive, which bonds constitute a first charge upon the net revenues of the sewage works and are on a parity with the 1961 Bonds, the 1970 Bonds and the 1975 Bonds; and

WHEREAS, the City also has outstanding certain Sewer Connection Revenue Bonds of 1982 (the "1982B Bonds") maturing on August 1 in the years 1993 to 1998, inclusive, which bonds constitute a first charge upon the net revenues of the sewage works and are on a parity with the 1961 Bonds, the 1970 Bonds, the 1975 Bonds and the 1982A Bonds (collectively, with the 1982B Bonds, the "Refunded Bonds"); and

WHEREAS, the City also has outstanding certain Sewage Works Revenue Refunding Bonds (the "1985 Refunding Bonds"), maturing February 1 and August 1 of each year from 1993 through 2000 inclusive and on August 1, 2005, and also subject to mandatory sinking fund redemption on February 1 and August 1 of each year from 2001 through 2005, inclusive, and which bonds were issued for the purpose of refunding the Refunded Bonds, and which bonds constitute a second charge upon the net revenues of the sewage works and are junior to the Refunded Bonds; and

WHEREAS, the City also has outstanding certain Sewage Works Revenue Bonds of 1986 (the "1986 Bonds") in the amount of Five Million Two Hundred Fifteen Thousand Dollars (\$5,215,000) maturing January 1 of each year from 1993 through 2001, which bonds constitute a third charge upon the net revenues of the sewage works and are junior to the Refunded Bonds and the 1985 Refunding Bonds; and

WHEREAS, concurrently with the execution of this Escrow Agreement, the Issuer has executed, issued and delivered refunding bonds, designated as "City of Fort Wayne Sewage Works Junior Refunding Revenue Bonds of 1993", in the aggregate principal amount of \$_____ (the "1993 Refunding Bonds"), the proceeds of which will be used to defease and advance refund the 1986 Bonds and pay costs of issuance of the 1993 Refunding Bonds and incidental expenses.

NOW, THEREFORE, in consideration of the premises, the covenants and agreements hereinafter contained, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is agreed by and among the parties hereto as follows:

Section 1. There is hereby established and created with the Escrow Agent the following irrevocable trust account (the "Escrow Account") for the benefit of the holders and registered owners of the 1986 Bonds designated:

"City of Fort Wayne Sewage Works
Refunding Revenue Bond Escrow Account of
1993".

Section 2. The Issuer hereby deposits with the Escrow Agent, and the Escrow Agent hereby acknowledges receipt of, the sum of \$_____ in immediately available funds and obligations funded from proceeds from the sale of the 1993 Refunding Bonds and certain moneys held in connection with the 1986 Bonds. The Escrow Agent shall deposit such funds in the Escrow Account and hold in the Escrow Account such obligations, as described on Schedule I attached hereto (the "Governmental Obligations"). The uninvested funds shall be maintained as a cash balance. The maturing principal of the Governmental Obligations, together with interest thereon, will be sufficient to pay the amounts required by Section 3 hereof. The Escrow Agent hereby accepts the funds so deposited and the Governmental Obligations and the duties and trusts imposed hereby.

Section 3. The Escrow Agent agrees to use the moneys available in the Escrow Account solely to pay (i) the principal of and interest on the 1986 Bonds which is due and payable prior to and including July 1, 1996, as the same becomes due, and (ii) the outstanding principal of and accrued interest and premium on the 1986 Bonds

1 which mature after July 1, 1996 and which shall be paid
2 and redeemed in full prior to maturity on July 1, 1996.

3 The Escrow Agent agrees that it will cause
4 notice of redemption of the 1986 Bonds to be redeemed
5 prior to maturity to be given.

6 The Escrow Agent hereby acknowledges receipt
7 from the Issuer of irrevocable instructions to call said
8 1986 Bonds for redemption and of the forms of redemption
9 notice and notice of defeasance and the instructions for
10 the giving of such notices as set forth on Schedule II
11 attached hereto.

12 Section 4. The Escrow Agent is hereby
13 authorized and directed to issue its checks on the Escrow
14 Account for the payment of the principal of and interest
15 and premium on the 1986 Bonds. The Escrow Agent shall
16 keep and maintain adequate records pertaining to the
17 Escrow Account, and shall furnish a statement with
18 respect thereto to the Issuer not later than April 1 of
19 each year throughout the term of this Escrow Agreement.

20 Section 5. The Escrow Agent hereby waives any
21 right of set-off, counterclaim, reduction, or diminution
22 of an obligation, or any defense of any kind or nature
23 which the Escrow Agent has or may have against the Issuer
24 or the holders of the 1986 Bonds insofar as such set-off,
25 counterclaim, reduction, diminution or defense would have
26 an adverse effect on the availability of funds sufficient
27 to comply with the obligations of the parties contained
28 herein.

29 Section 6. The parties hereto recognize that
30 the holders from time to time of the 1986 Bonds have a
31 beneficial and vested interest in the Governmental
32 Obligations. It is therefore recited, understood and
agreed that this Escrow Agreement shall not be subject to
revocation until its provisions have been fully carried
out and may be amended only with the consent of all such

holders. Funds in the Escrow Account shall be held in trust and used only for the purposes described herein. Any amounts remaining in the Escrow Account after payment in full of the 1986 Bonds shall be returned to the Issuer.

Section 7. The Escrow Agent shall have no duty to invest any monies held hereunder except as set forth in Section 2 hereof. The Escrow Agent shall not be liable or responsible for any loss resulting from any investment made pursuant to this Escrow Agreement and in full compliance with the provisions hereof.

Section 8. None of the provisions contained in this Escrow Agreement shall require the Escrow Agent to use or advance its own funds or otherwise incur personal financial liability in the performance of any of its duties or the exercise of any of its rights or powers hereunder. The Escrow Agent shall be under no liability for interest on any funds or other property received by it hereunder, except as herein expressly provided. The Escrow Agent shall be under no obligation to inquire into or be in any way responsible for the performance or nonperformance by the Issuer of any of its obligations or to protect any of the Issuer's rights under any bond proceeding or any other contracts with or franchises or privileges from any state, county, municipality or other governmental agency or with any person. The Escrow Agent shall not be responsible in any manner whatsoever for the recitals or statements contained herein, in the 1986 Bonds, or in any proceedings taken in connection therewith. To the extent permitted by law, the Issuer shall defend, indemnify and hold the Escrow Agent and the holders of the 1986 Bonds harmless from all claims, demands and actions resulting from or arising out of any alleged deficiency in the Escrow Account which is not

caused by acts of the Escrow Agent. This indemnity shall survive the termination of this Escrow Agreement.

Section 9. The Escrow Agent at the time acting hereunder may at any time resign and be discharged from the trusts hereby created by giving not less than 60 days' written notice to the Issuer, but no resignation shall take effect unless a successor Escrow Agent shall have been appointed by the Issuer as hereinafter provided and the successor Escrow Agent shall have accepted such appointment, in which such event such resignation shall take effect immediately upon the appointment and acceptance of a successor Escrow Agent.

The Escrow Agent may be removed at any time by an instrument or concurrent instruments in writing, delivered to the Escrow Agent, by the Issuer.

In the event the Escrow Agent hereunder shall resign, be removed, be dissolved or shall be in the course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or in case the Escrow Agent shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor may be appointed by the Issuer.

Every successor Escrow Agent appointed hereunder shall execute, acknowledge and deliver to its predecessor and to the Issuer, an instrument in writing accepting such appointment hereunder, and thereupon such successor Escrow Agent without any further act, deed or conveyance, shall become fully vested with all the rights, immunities, powers, trusts, duties and obligations of its predecessor; but such predecessor shall, nevertheless, on the written request of such successor Escrow Agent or the Issuer, execute and deliver an instrument transferring to such successor Escrow Agent all the estates, properties, rights, powers and trusts of such predecessor hereunder; and every predecessor Escrow

1 Agent shall deliver all securities and moneys held by it
2 to its successor; provided, however, that before any such
3 delivery is required to be made, all fees, advances and
4 expenses, if any, of the retiring or removed Escrow Agent
5 shall be paid in full.

6 Should any transfer, assignment or instrument
7 in writing from the Issuer be required by any successor
8 Escrow Agent for more fully and certainly vesting in such
9 successor Escrow Agent the estates, rights, powers and
10 duties hereby vested or intended to be vested in the
11 predecessor Escrow Agent, any such transfer, assignment
12 and instruments in writing shall, on request, be
13 executed, acknowledged and delivered by the Issuer.

14 Any corporation into which the Escrow Agent or
15 any successor to it in the trusts created by this Escrow
16 Agreement may be merged into or consolidated with, and
17 any corporation which otherwise succeeds to the Escrow
18 Agent or its successors, shall, if satisfactory to the
19 Issuer and a qualified depository for the Issuer, be the
20 successor Escrow Agent under this Escrow Agreement
21 without the execution or filing of any paper or any other
22 act on the part of any of the parties hereto, anything
23 herein to the contrary notwithstanding.

24 Section 10. The Escrow Agent shall be entitled
25 to payment and/or reimbursement by the Issuer for
26 reasonable fees for its services rendered hereunder and
27 all advances, counsel fees and other ordinary expenses
28 reasonably and necessarily made or incurred by the Escrow
29 Agent in connection with such services, provided,
30 however, the Issuer and Escrow Agent agree not to use
31 amounts in the Escrow Account for such purposes.

32 Section 11. This Escrow Agreement shall
terminate upon payment of the principal of and interest
and premium on the 1986 Bonds.

Section 12. If any one or more of the covenants or agreements provided in this Escrow Agreement to be performed on the part of the Issuer or the Escrow Agent should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Escrow Agreement.

Section 13. All the covenants, promises and agreements in this Escrow Agreement contained by or on behalf of the Issuer or by or on behalf of the Escrow Agent shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

Section 14. This Escrow Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

Section 15. This Agreement shall be governed by and construed in accordance with the laws of the State of Indiana.

Section 16. Any notice, request, communication or other paper shall be sufficiently given and shall be deemed given when delivered or mailed, by registered or certified mail, postage prepaid or sent by telegram as follows:

if to the Issuer at City of Fort Wayne
(Attn: Controller)
One Main Street
Fort Wayne, Indiana 46802; and

if to the Escrow Agent at

The Issuer and the Escrow Agent may designate any further or different addresses to which subsequent notices, requests, communications or other papers shall be sent.

Section 17. The Issuer and the Escrow Agent covenant that any monies attributable to the proceeds of the 1986 Bonds, if any, any moneys attributable to the proceeds of the 1993 Refunding Bonds, amounts received from the investment of the proceeds of the 1993 Refunding Bonds and any other amounts treated as proceeds thereof under the provisions of the Internal Revenue Code of 1986, as amended, (the "Code") or any of the regulations and rules adopted pursuant thereto, shall not be invested or otherwise used in a manner which would cause the 1986 Bonds or the 1993 Refunding Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code and such regulations or rules as may be applicable thereto.

IN WITNESS WHEREOF, the parties hereto have caused this Escrow Agreement to be executed for and on their behalf as of the day and year first herein above written..

CITY OF FORT WAYNE, INDIANA

ATTEST:

Mayor

City Clerk

NORWEST BANK FORT WAYNE, N.A.

ATTEST:

By: _____

Its: _____

Schedule I

List of Governmental Obligations

<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Description</u>	<u>Maturity</u>
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Schedule II

Notice Form

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Read the first time in full and on motion by Edmonds, seconded by Henry, and duly adopted, read the second time by title and referred to the Committee on City Utilities (and the City Plan Commission for recommendation) and Public Hearing to be held after due legal notice, at the Common Council Conference Room 128, City-County Building, Fort Wayne, Indiana, on Tuesday, the 18th, day of May, 1993, at 5:30 o'clock P M., E.S.T.

DATED: 5-18-93

Sandra E. Kennedy
SANDRA E. KENNEDY, CITY CLERK

Read the third time in full and on motion by Henry, seconded by Schmidt, and duly adopted, placed on its passage. PASSED LOST by the following vote:

	<u>AYES</u>	<u>NAYS</u>	<u>ABSTAINED</u>	<u>ABSENT</u>
TOTAL VOTES	<u>7</u>			<u>2</u>
BRADBURY				<u>✓</u>
EDMONDS	<u>✓</u>			
GiaQUINTA	<u>✓</u>			
HENRY	<u>✓</u>			
LONG	<u>✓</u>			
LUNSEY				<u>✓</u>
RAVINE	<u>✓</u>			
SCHMIDT	<u>✓</u>			
TALARICO	<u>✓</u>			

DATED: 5-18-93

Sandra E. Kennedy
SANDRA E. KENNEDY, CITY CLERK

Passed and adopted by the Common Council of the City of Fort Wayne, Indiana, as (ANNEXATION) (APPROPRIATION) (GENERAL) (SPECIAL) (ZONING) ORDINANCE RESOLUTION NO. 5-42-93 on the 18th day of May, 1993

ATTEST:

(SEAL)

Sandra E. Kennedy
SANDRA E. KENNEDY, CITY CLERK

Mark Gia Quinta
PRESIDING OFFICER

Presented by me to the Mayor of the City of Fort Wayne, Indiana, on the 18th day of May, 1993, at the hour of 7:00 o'clock P M., E.S.T.

Sandra E. Kennedy
SANDRA E. KENNEDY, CITY CLERK

Approved and signed by me this 18th day of May, 1993, at the hour of 7:20 o'clock P M., E.S.T.

PAUL HELMKE
PAUL HELMKE, MAYOR

PRELIMINARY OFFICIAL STATEMENT DATED MAY 18, 1993

In the opinion of Barnes & Thornburg, Bond Counsel, under existing statutes, regulations, published rulings and court decisions, the interest on the Refunding Bonds is excludable from gross income for purposes of federal income taxation under Section 103 of the Internal Revenue Code of 1986, as amended. Such exclusion is conditioned on continuing compliance with the Tax Covenants (hereinafter defined). In the opinion of Barnes & Thornburg, Bond Counsel, interest on the Refunding Bonds is exempt from income taxation in the State of Indiana for all purposes except the Indiana financial institutions tax. See "TAX MATTERS" herein.

\$27,390,000*

WATERWORKS REFUNDING REVENUE BONDS OF 1993

City of Fort Wayne, Indiana

Dated: June 1, 1993

Due: December 1, as shown below

The City of Fort Wayne, in Allen County, Indiana (the "City") is issuing \$27,390,000* Waterworks Refunding Revenue Bonds of 1993 (the "Refunding Bonds") for the sole purpose of refunding all of the City's outstanding \$1,100,000 Waterworks Revenue Bonds of 1967, \$1,300,000 Waterworks Revenue Bonds of 1968, \$11,175,000 Waterworks Revenue Bonds of 1978, \$1,090,000 Junior Waterworks Revenue Bonds of 1982, \$3,465,000 Junior Waterworks Revenue Bonds of 1986 and \$6,810,000 Junior Waterworks Revenue Bonds of 1990 (collectively, the "Refunded Bonds"). The proceeds from the Refunding Bonds will be applied to the cost of refunding the Refunded Bonds in accordance with the escrow agreement between the City and Norwest Bank Fort Wayne, N.A., Fort Wayne, Indiana as escrow trustee dated the date of delivery of the Refunding Bonds (the "Escrow Agreement") and to pay expenses incurred in connection with the issuance of the Refunding Bonds. The Refunding Bonds are being issued pursuant to Ordinance No. S-41-93 adopted by the Common Council of the City on May 18, 1993. Interest on the Refunding Bonds shall be payable semi-annually on June 1 and December 1 of each year, commencing December 1, 1993. Principal of the Refunding Bonds is payable as set forth below at the principal corporate trust office of Norwest Bank Fort Wayne, N.A., Fort Wayne, Indiana as Registrar and Paying Agent (the "Registrar" or "Paying Agent"). The Refunding Bonds are issuable only as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). Purchases of beneficial interests in the Refunding Bonds will be made in book-entry-only form, in the denomination of \$5,000 or any integral multiple thereof. Purchasers of beneficial interests in the Refunding Bonds (the "Beneficial Owners") will not receive physical delivery of certificates representing their interests in the Refunding Bonds. So long as DTC or its nominee is the registered owner of the Refunding Bonds, principal of and interest on the Refunding Bonds will be paid directly to DTC by the Paying Agent. The final disbursement of such payments to the Beneficial Owners of the Refunding Bonds will be the responsibility of the DTC Participants and Indirect Participants, all as defined and more fully described herein. (See "DESCRIPTION OF THE REFUNDING BONDS" herein.)

The Refunding Bonds are subject to optional redemption prior to maturity as more fully described in this Official Statement. (See "REDEMPTION PROVISIONS" herein.)

THE PRINCIPAL OF AND INTEREST ON THE REFUNDING BONDS ARE PAYABLE SOLELY FROM THE NET REVENUES (AS DEFINED HEREIN) DERIVED FROM THE WATERWORKS OF THE CITY. THE CITY SHALL NOT BE OBLIGATED TO FUND PRINCIPAL OR INTEREST PAYMENTS ON THE REFUNDING BONDS EXCEPT FROM THE SPECIAL FUND PROVIDED BY NET REVENUES (AS DEFINED HEREIN). THE REFUNDING BONDS DO NOT CONSTITUTE A GENERAL OR CORPORATE OBLIGATION OF THE CITY WITHIN THE PROVISIONS AND LIMITATIONS OF THE CONSTITUTION OF THE STATE OF INDIANA. (SEE "SOURCES OF PAYMENT AND SECURITY FOR THE REFUNDING BONDS", "RISKS TO THE OWNERS OF THE REFUNDING BONDS" AND "RIGHTS AND REMEDIES OF REVENUE BONDHOLDERS").

Payment of principal of and interest on the Refunding Bonds when due for payment which is unpaid by reason of nonpayment will be guaranteed by a municipal bond insurance policy to be issued simultaneously with the delivery of the Refunding Bonds by Financial Guaranty Insurance Company.



**Financial Guaranty Insurance
Company**

Service mark used by Financial Guaranty Insurance Company, a private company not affiliated with any U.S. government agency.

MATURITY SCHEDULE

Maturity (December 1)	Principal Amount*	Coupon Rate	Price or Yield	Maturity (December 1)	Principal Amount*	Coupon Rate	Price or Yield
1993	\$1,075,000	%	%	2000	\$2,575,000	%	%
1994	2,140,000			2001	2,690,000		
1995	2,155,000			2002	2,425,000		
1996	2,230,000			2003	1,305,000		
1997	2,305,000			2004	1,325,000		
1998	2,265,000			2005	1,265,000		
1999	2,450,000			2006	1,185,000		

The Refunding Bonds are being offered by the Underwriters when, as and if issued by the City and received by the Underwriters, subject to prior sale, to withdrawal or modification of the offer without notice, and to the approval of legality by Barnes & Thornburg, Fort Wayne, Indiana, Bond Counsel. Certain legal matters will be passed on for the City by the City Attorney and for the Underwriters by their counsel, Beers Mellers Backs & Salin. Closing for the Refunding Bonds is expected to take place on or about June 29, 1993.

This cover page contains information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

FIRST CHICAGO CAPITAL MARKETS, INC.

SUMMERS & COMPANY, INC

* Estimated, subject to change

This Preliminary Official Statement and the information contained herein are subject to completion, amendment or other change without any notice. These securities described herein may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this document, as the same may be supplemented or corrected by the City from time to time (collectively the "Preliminary Official Statement"), may be treated as a Preliminary Official Statement with respect to the Refunding Bonds described herein that is deemed final as of the date hereof (or of any such supplement or correction) by the City.

The Preliminary Official Statement, when further supplemented with maturity dates, principal amounts and interest rates of the Refunding Bonds, together with any other information required by law or deemed appropriate by the City, shall constitute a "Final Official Statement" of the City with respect to the Refunding Bonds, as that term is defined in Rule 15c2-12.

No dealer, broker, salesman or other person has been authorized by the Underwriters to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Refunding Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the City of Fort Wayne, Indiana and other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness and it is not to be construed as a representation by the Underwriters. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City of Fort Wayne since the date hereof.

In connection with this offering, the Underwriters may over-allot or effect transactions that stabilize or maintain the market price of the Refunding Bonds and other securities of the City at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

THE REFUNDING BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED.

CITY OF FORT WAYNE, INDIANA

MAYOR
Paul Helmke

BOARD OF PUBLIC WORKS

Charles E. Layton
Chairman

Katherine A. Carrier, CPA

C. James Owen, Ph.D

COMMON COUNCIL

Mark E. GiaQuinta
President

Janet G. Bradbury
Cletus R. Edmonds
Thomas C. Henry
David C. Long

Archie L. Lunsey
Rebecca Ravine
Donald J. Schmidt
Samuel Talarico

CITY CLERK
Sandra E. Kennedy

CITY CONTROLLER
Douglas M. Lehman, CFA

CITY ATTORNEY
J. Timothy McCaulay
Ft. Wayne, Indiana

BOND COUNSEL
Barnes & Thornburg
Fort Wayne, Indiana

FINANCIAL CONSULTANT
Municipal Consultants
Indianapolis, Indiana

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CITY OF FORT WAYNE

TABLE OF CONTENTS

	<u>Page</u>
SUMMARY STATEMENT.....	1
OFFICIAL STATEMENT	
Introductory Statement.....	3
Purpose Of The Bond Issue.....	3
Estimated Sources And Uses Of Funds.....	3
Description Of The Refunding Bonds.....	4
Redemption Provisions.....	6
Sources Of Payment And Security For The Refunding Bonds.....	6
The Refunding Plan.....	6
Verification.....	7
Risks To The Owners Of The Refunding Bonds.....	7
Rates And Regulation.....	8
Disposition Of Net Revenues.....	8
Issuance Of Additional Revenue Bonds.....	9
Accounts And Reports.....	10
Rights And Remedies Of Revenue Bondholders.....	10
Miscellaneous Provisions Of The Ordinance.....	11
Litigation.....	11
Legal Opinions And Enforceability Of Remedies.....	11
Tax Matters.....	12
Original Issue Discount.....	13
Bond Insurance.....	14
Ratings.....	15
Underwriting.....	15
Concluding Statement.....	16
DESCRIPTION OF THE CITY.....	17
DESCRIPTION OF THE WATERWORKS.....	21
CITY DEBT AND LEASE OBLIGATIONS.....	25
APPENDIX A - Financial Statements and Auditors' Report Thereon of the City Utilities Of The City Of Fort Wayne for the year ended December 31, 1992.....	A-1
APPENDIX B - Ordinance No. S-41-93.....	B-1
APPENDIX C - Form of Bond Counsel Opinion.....	C-1
APPENDIX D - Form of Bond Insurance Policy.....	D-1

SUMMARY STATEMENT

City of Fort Wayne, Indiana Waterworks Refunding Revenue Bonds of 1993

(This Summary Statement contains certain information which has been summarized for quick reference only and does not purport to represent the significant matters contained in documents exhibited elsewhere herein. Prospective investors should read the complete Official Statement including all Appendices herein.)

Issuer.....	City of Fort Wayne, Indiana
Securities Offered.....	\$27,390,000* Waterworks Refunding Revenue Bonds of 1993 (the "Refunding Bonds")
Bonds Presently Outstanding.....	\$1,100,000 Waterworks Revenue Bonds of 1967; \$1,300,000 Waterworks Revenue Bonds of 1968; \$11,175,000 Waterworks Revenue Bonds of 1978; \$1,090,000 Junior Waterworks Revenue Bonds of 1982; \$3,465,000 Junior Waterworks Revenue Bonds of 1986; and \$6,810,000 Junior Waterworks Revenue Bonds of 1990 (collectively the "Refunded Bonds"); which are being refunded by the Refunding Bonds.
Security.....	Secured by and payable from the Net Revenues of the City's Waterworks (defined as gross revenues after deduction for payment of reasonable expenses of operation, repair and maintenance but not including depreciation and payments in lieu of taxes).
Ratings and Bond Insurance.....	Financial Guaranty Insurance Company has given a commitment to issue a Municipal Bond New Issue Insurance Policy relating to the Refunding Bonds. By virtue of such insurance the Refunding Bonds will bear the current ratings of "AAA" by Fitch Investors Service, "Aaa" by Moody's Investors Service and "AAA" by Standard & Poor's Corporation.
Interest Payment Dates.....	June 1 and December 1, commencing December 1, 1993.
Maturity.....	Serial Bonds - December 1, 1993 and annually thereafter to December 1, 2006, inclusive.
Redemption.....	The Refunding Bonds maturing on and after December 1, 2003 are redeemable at the option of the City on December 1, 2002, or any date thereafter, on thirty days' notice, in whole or in part, in any order of maturities selected by the City and selected by lot within a maturity, at 100% of face value without premium, plus accrued interest to the date fixed for redemption.

Bank Eligibility.....	The Refunding Bonds are <u>not</u> "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.
Other Terms and Conditions.....	The Refunding Bonds are issuable only as fully registered bonds and when issued will be registered in the name of Cede & Co., as nominee for the Depository Trust Company, New York, New York. Purchases of beneficial interests in the Refunding Bonds will be made in book-entry-only form, in the denomination of \$5,000 or any integral multiple thereof.
Use of Proceeds.....	To provide funds for the refunding of the City's outstanding \$1,100,000 Waterworks Revenue Bonds of 1967; \$1,300,000 Waterworks Revenue Bonds of 1968; \$11,175,000 Waterworks Revenue Bonds of 1978; \$1,090,000 Junior Waterworks Revenue Bonds of 1982; \$3,465,000 Junior Waterworks Revenue Bonds of 1986; and \$6,810,000 Junior Waterworks Revenue Bonds of 1990 and to pay costs incurred in connection with issuance of the Refunding Bonds.
Business and Service Area.....	The City owns and operates the Waterworks which serves about 61,866 residential, 5,470 commercial and 367 industrial customers along with 1,384 other types of customers. The City also owns and operates the local municipal Sewage Works.
Water Rates.....	The Common Council of the City promulgates water rates. Rates are subject to public hearing and certain statutory tests for reasonableness and final approval by the Indiana Utility Regulatory Commission (IURC). Rates now in effect have heretofore been approved by the IURC in 1990.

Financial Information and Capitalization Fort Wayne Waterworks

Financial Information:

Net Revenues Available for Debt Service (actual 12-31-92).....	\$ 4,714,689
Estimated Debt Service Requirement (1994).....	\$ 3,348,800

(Historical coverage shown on Page 24.)

OFFICIAL STATEMENT

CITY OF FORT WAYNE, INDIANA Relating to the Issuance of \$27,390,000* Waterworks Refunding Revenue Bonds of 1993

INTRODUCTORY STATEMENT

The purpose of this Official Statement, including the cover page and Appendices, is to provide information relating to the Waterworks Refunding Revenue Bonds of 1993 (the "Refunding Bonds") to be issued by the City of Fort Wayne, Indiana (the "City").

All financial and other information presented in this Official Statement has been provided by the City from its records, except for information expressly attributed to other sources. The presentation of information concerning the City and its water utility (the "Waterworks"), including financial statements, rate schedules and tax tables, is intended to show recent historic information and is not intended to indicate or project future or continuing trends in the financial position or other affairs of the City or the Waterworks. No representation is made or implied hereby that any past experience, as might be shown by the financial and other information, will necessarily continue in the future. References to provisions of Indiana law or of the Indiana Constitution are references to current provisions which may be amended, repealed or supplemented.

PURPOSE OF THE BOND ISSUE

The Refunding Bonds are being issued pursuant to Indiana Code Sections 8-1.5 and 5-1-5 (collectively, the "Act") and pursuant to Ordinance No. S-41-93 adopted by the Common Council of the City on May 18, 1993 (the "Ordinance"). The City is authorized under the Act to issue revenue bonds for the sole purpose of refunding the City's outstanding \$1,100,000 Waterworks Revenue Bonds of 1967; \$1,300,000 Waterworks Revenue Bonds of 1968, \$11,175,000 Waterworks Revenue Bonds of 1978; \$1,090,000 Junior Waterworks Revenue Bonds of 1982; \$3,465,000 Junior Waterworks Revenue Bonds of 1986; and \$6,810,000 Junior Waterworks Revenue Bonds of 1990 (collectively the "Refunded Bonds"). The results of the bond sale will be reported to and confirmed by the Common Council of the City at their meeting on June 8, 1993.

ESTIMATED SOURCES AND USES OF FUNDS

Sources of Funds

Principal Amount of the Refunding Bonds	\$ 27,390,000*
Release from Bond Fund	480,000*
Accrued Interest	<u>96,317*</u>
Total Sources of Funds	<u>\$ 27,966,317</u>

Uses of Funds

Securities Purchased for Escrow	\$ 27,330,000*
Costs of Issuance	143,530*
Accrued Interest	96,317*
Bond Insurance	145,270*
Underwriting Fees	246,510*
Contingency	<u>4,690*</u>
Total Uses of Funds	<u>\$ 27,966,317</u>

* Estimated, subject to change

DESCRIPTION OF THE REFUNDING BONDS

The Refunding Bonds are issuable only as fully registered bonds and when issued will be registered in the name of Cede & Co., as nominee for the Depository Trust Company, New York, New York (the "DTC"). Purchases of beneficial interests in the Refunding Bonds will be made in book-entry-only form, in the denomination of \$5,000 or any integral multiple thereof. Purchasers of beneficial interests in the Refunding Bonds (the "Beneficial Owners") will not receive physical delivery of certificates representing their interests in the Refunding Bonds.

Interest on the Refunding Bonds shall be payable semi-annually on June 1 and December 1 in each year beginning on December 1, 1993. The principal of the Refunding Bonds is payable at the principal corporate trust office of the Norwest Bank Fort Wayne, N.A., as Registrar and Paying Agent, (the "Registrar" or "Paying Agent"), in the City of Fort Wayne, Indiana. Interest on the Refunding Bonds will be paid by check, mailed one business day prior to the interest payment date to the registered owners of the Refunding Bonds as the names appear as of the fifteenth day of the month preceding the interest payment date and at the addresses as they appear on the registration books kept by the Registrar; provided, however, so long as DTC or its nominee is the registered owner of the Refunding Bonds, principal of and interest on the Refunding Bonds will be paid directly to DTC by the Paying Agent. (The final disbursement of such payments to the Beneficial Owners of the Refunding Bonds will be the responsibility of the DTC Participants and Indirect Participants, all as defined and more fully described herein.)

Book-Entry-Only System

DTC will act as securities depository for the Refunding Bonds. The ownership of one fully registered Refunding Bond for each maturity as set forth on the cover hereof, each in the aggregate principal amount of such maturity, will be registered in the name of Cede & Co., as nominee for DTC. DTC is a limited-purpose trust company organized under the laws of the State of New York, a "banking organization" within the meaning of the New York Banking law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC was created to hold securities of its participants (the "DTC Participants") and to facilitate the clearance and settlement of securities transactions among DTC Participants in such securities through electronic book-entry changes in accounts of the DTC Participants, thereby eliminating the need of physical movement of securities certificates. DTC Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations, some of whom (or their representatives or, both) own DTC. Access to the DTC system is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a DTC Participant, either directly or indirectly (the "Indirect Participants").

The DTC Participants shall receive a credit balance in the records of DTC. The ownership interest of each actual purchaser of each Refunding Bond (the "Beneficial Owner") will be recorded through the records of the DTC Participant. Beneficial Owners are expected to receive a written confirmation of their purchase providing details of the Refunding Bond acquired from the appropriate DTC Participants or Indirect Participant. Transfers of ownership interests in the Refunding Bonds will be accomplished by book entries made by DTC and, in turn, by the DTC Participants who act on behalf of the Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interest in the Refunding Bonds.

So long as Cede & Co. is the registered owner of the Refunding Bonds, as nominee of DTC, references herein to the Refunding Bond owners or registered owners of the Refunding Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the Refunding Bonds.

DTC may determine to discontinue providing its service with respect to the Refunding Bonds at any time by giving notice to the City or its agent and discharging its responsibilities with respect thereto under applicable law. The City may determine that continuation of the system of book-entry transfers through DTC (or a successor securities depository) is not in the best interest of the Beneficial Owners. In either such event, ownership of each Refunding Bond will be transferred to such person or persons, including any other clearing agency, as the holder of such Refunding Bond may direct. See "Revision of Book-Entry-Only System."

The City and the Paying Agent and Registrar will recognize DTC or its nominee as the bondholder for all purposes, including without limitation, the receiving of payment of the principal of and interest on any Refunding Bonds, the receiving of notice and the giving of consent. Conveyance of notices and other communications by DTC to DTC Participants, by DTC Participants to Indirect Participants, and by DTC Participants and Indirect Participants to Beneficial Owners, will be governed by arrangements among them, subject to any statutory and regulatory requirements as may be in effect from time to time. DTC has no knowledge of the actual Beneficial Owners of the Refunding Bonds. The City will not have any responsibility or obligation to any DTC Participant or Indirect Participant, or any person on behalf of which, or otherwise in respect of which, any such participant holds any interest in any Refunding Bonds, including, without limitation, any responsibility or obligation to maintain accurate records of any interest in any Refunding Bonds or any responsibility or obligation with respect to the receiving of payment of principal of or interest on any Refunding Bonds, the receiving of notice or the giving of consent.

Principal and interest payments on the Refunding Bonds will be made to DTC or its nominee, Cede & Co., as registered owner of the Refunding Bonds. DTC's current practice is to credit the accounts of the DTC Participants on a payable date in accordance with their respective holdings shown on the records of DTC unless DTC has reason to believe that it will not receive payment on a payable date. Payments by DTC Participants and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is now the case with municipal securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such DTC Participant or Indirect Participant and not of DTC, or the City, subject to any statutory and regulatory requirements as may be in effect from time to time. Payment of principal, redemption premium and interest to DTC is the responsibility of the City or the Paying Agent and disbursement of such payments to DTC Participants shall be the responsibility of DTC Participants and Indirect Participants.

Certain of the information under "Book-Entry-Only System" has been extracted from a report from DTC entitled "Book-Entry-Only Municipals". No representation is made by the City or the Underwriters as to the completeness or accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date thereof.

Revision of Book-Entry-Only System.

In the event that either (1) the City receives notice from DTC to the effect that DTC is unable or unwilling to discharge its responsibilities as a clearing agency for the Refunding Bonds or (2) the City elects to discontinue its use of DTC as a clearing agency for the Refunding Bonds, then

the City will do or perform or cause to be done or performed all acts or things, not adverse to the rights of the holders of the Refunding Bonds, as are necessary or appropriate to discontinue use of DTC as a clearing agency for the Refunding Bonds and to transfer the ownership of each of the Refunding Bonds to such person or persons, including any other clearing agency, as the holder of such Refunding Bonds may direct. Any expenses of such a discontinuation and transfer, including any expenses of printing new certificates to evidence the Refunding Bonds will be paid by the City.

REDEMPTION PROVISIONS

The Refunding Bonds maturing on and after December 1, 2003 are redeemable at the option of the City, in whole or in part, on December 1, 2002, or any date thereafter, on thirty days' notice, in any order of maturities selected by the City and by lot within a maturity, at 100% of face value, but without premium, plus accrued interest to the date fixed for redemption.

Notice of such redemption shall be mailed by first-class mail or by registered or certified mail to the address of each registered owner as shown on the registration record of the City kept by the Registrar not more than 60 days and not less than 30 days prior to the date fixed for redemption. Although DTC's rules and procedures require DTC to act in the foregoing manner, the City can make no assurances that DTC, the DTC Participants, or the Indirect Participants or other nominees of the bondholders will distribute such notices to bondholders or that they will do so on a timely basis or that they will act in the manner described in the Official Statement. Failure to give proper notice of redemption, or any defect therein with respect to any Refunding Bond shall not affect the validity of any proceedings for the redemption of any other Refunding Bond.

Interest on the Refunding Bonds called for redemption shall cease on the redemption date if sufficient funds are available at the place of redemption to pay the redemption price on the redemption date, and thereafter, such Refunding Bonds shall no longer be protected by the Ordinance and shall not be deemed to be outstanding under the Ordinance, and such holders of Refunding Bonds shall have the right only to receive the redemption price.

SOURCES OF PAYMENT AND SECURITY FOR THE REFUNDING BONDS

The Refunding Bonds are special revenue obligations of the City. The Net Revenues (defined in the Ordinance as gross revenues remaining after the payment of reasonable expenses of operation, repair and maintenance of the Waterworks but not including depreciation and payments in lieu of taxes) constitute the source of payment of the Refunding Bonds. The City shall not be obligated to pay the Refunding Bonds nor the interest thereon except from said Net Revenues of the Waterworks and the Refunding Bonds will not constitute an indebtedness of the City within the meaning of the provisions and the limitations of the Constitution of the State of Indiana.

THE REFUNDING PLAN

The sale and delivery of the Refunding Bonds will be consummated in accordance with the Purchase Agreement dated _____, 1993 (the "Purchase Contract") between the City and First Chicago Capital Markets, Inc. and Summers & Company, Inc. (the "Underwriters"). The Refunded Bonds will be completely advance refunded pursuant to the Escrow Agreement

between the City of Fort Wayne and Norwest Bank Fort Wayne, N.A., Fort Wayne, Indiana (the "Escrow Trustee") dated the date of delivery of the Refunding Bonds (the "Escrow Agreement"). Concurrently with the delivery of the proceeds of the Refunding Bonds, the City shall acquire with said proceeds and with certain funds on hand direct obligations of or obligations unconditionally guaranteed by the United States of America (the "Government Obligations") as set forth in the Escrow Agreement. The City shall deposit said Government Obligations, together with cash, with the Escrow Trustee in an amount sufficient to provide funds for payment of all principal of, premium, if any, and interest on the Refunded Bonds from and after the date of delivery of the Refunding Bonds to July 1, 1993, the first available call date for the \$11,175,000 Waterworks Revenue Bonds of 1978; January 1, 1997, the first call date for the \$3,465,000 Junior Waterworks Revenue Bonds of 1986; January 1, 1998, the first call date for the \$6,810,000 Junior Waterworks Revenue Bonds of 1990; January 1, 2000, the final maturity for the Waterworks Revenue Bonds of 1967 and the Waterworks Revenue Bonds of 1968; and January 1, 2002, the final maturity of the Junior Waterworks Revenue Bonds of 1982. Expenses of issuance of the Refunding Bonds shall be paid from the remaining proceeds of the Refunding Bonds. In the event any funds are remaining after all such foregoing payments have been made, the City Controller shall then transfer such remaining funds to the Waterworks Sinking Fund held under the Ordinance. The City covenants that it will not use or invest the proceeds of the Refunding Bonds in any manner, or take or fail to take any other action which would fail to preserve the exclusion of interest on the Refunding Bonds from gross income for federal tax purposes under Section 103 of the Internal Revenue Code of 1986, all as more specifically described in the Ordinance under "Tax Covenants". See "APPENDIX B" herein.

VERIFICATION

The arithmetical accuracy of certain computations relating to (a) the adequacy of the principal amounts of and interest to be earned on the Government Obligations together with other funds placed in escrow with the Escrow Trustee pursuant to the Escrow Agreement to pay the principal of and interest and redemption premiums on the Refunded Bonds from the date of delivery of the Refunding Bonds to the date of redemption or final maturity of the Refunded Bonds and (b) the yield on the Refunding Bonds and the Government Obligations placed in escrow with the Escrow Trustee will be examined and verified by Crowe Chizek, independent certified public accountants, Indianapolis, Indiana. Such computations will be based on assumptions and information supplied by the Underwriters.

RISKS TO THE OWNERS OF THE REFUNDING BONDS

There are certain risks involved in the ownership of the Refunding Bonds which should be considered by prospective investors. The following list of risk factors is not intended to include all such possible factors. Other risks that have not been referred to hereafter may also be present for certain investors.

1. The Refunding Bonds are payable solely from the Net Revenues of the City's Waterworks. If such Net Revenues are insufficient to pay the principal of or the interest on the Refunding Bonds, the City is not obligated to pay the principal of or the interest on the Refunding Bonds from any other revenues, funds or taxes.
2. Adverse economic conditions in the City, Allen County, State of Indiana or the United States could result in substantial reductions in the Net Revenues of the City's Waterworks. Such adverse economic conditions could include a general economic downturn, strikes, layoffs or plant closings in the City or County.

3. Federal and state legislatures and/or certain of its administrative agencies with jurisdiction in environmental matters could enact new laws or regulations which could cause substantial increases in the cost of operations in the City's Waterworks which in certain instances could not be recovered from users of the Waterworks. In such event, the Net Revenues could be substantially reduced and may be insufficient to pay the principal of or the interest on the Refunding Bonds.
4. The City made certain tax covenants under the Ordinance to use its best efforts to comply with all actions required to assure the continuing exclusion of interest on the Refunding Bonds from gross income for federal income tax purposes. Failure by the City to comply with such tax covenants could cause the interest on the Refunding Bonds to be taxable retroactive to the date of issuance. See "TAX MATTERS" herein.
5. While the City has a commitment to receive a non-cancellable municipal bond new issue insurance policy from Financial Guaranty Insurance Company (see "BOND INSURANCE" and "RATINGS" herein) to assure the payment of principal of and interest when due on the Refunding Bonds, the City can provide no guarantees that the issuer of the insurance policy will remain solvent and be able to pay debt service on the Refunding Bonds, if necessary, throughout the term of the Refunding Bonds. Further economic conditions may have an adverse impact upon an insurer and, therefore, upon the rating, market price or marketability of the Refunding Bonds.

RATES AND REGULATION

Rates charged for water service in the City are fixed by the Common Council pursuant to a Resolution of the Board of Public Works requesting the adoption of a rate ordinance after duly advertised public notice and hearing. Rates must then be approved by the Indiana Utility Regulatory Commission (the "IURC"). The rate covenant of the Ordinance requires the City to maintain rates which adequately provide for all of the financial requirements necessary to operate the Waterworks and to make all required payments to the Waterworks Sinking Fund. Further, the City has covenanted to maintain rates which provide debt service coverage of at least 120%. See "APPENDIX B" herein.

The schedule of rates and charges being collected by the City's Waterworks was duly adopted by the Common Council and approved by the IURC in 1990.

DISPOSITION OF NET REVENUES

The disposition of revenues, and the funds and accounts related thereto, is controlled by the Ordinance which authorized the issuance of the Refunding Bonds. The City is issuing the Refunding Bonds for the purpose of effecting a debt service savings and to modify restrictive covenants.

All revenues derived from the operation of the Waterworks are required to be deposited in the Operation and Maintenance Fund. Out of this fund all proper and reasonable expenses of operation, repair and maintenance (not including depreciation of the Waterworks shall be paid. Remaining monies are defined as "Net Revenues".

The first available Net Revenues will be applied monthly to the Debt Service Account of the Sinking Fund (the "Debt Service Account") in an amount equal to:

- (a) one-sixth (1/6) of the next semi-annual interest payment; and
- (b) one-twelfth (1/12) of the next annual principal payment; and
- (c) one-twelfth (1/12) of the fiscal agency expenses due in the following twelve months.

From the Debt Service Account will be paid all debt service and related fiscal agency costs of the Refunding Bonds and any additional bonds payable from the Net Revenues.

Within the Sinking Fund is established a Waterworks Reserve Account (the "Reserve Account") for the Refunding Bonds and any subsequently issued parity bonds, to be funded at the time of issuance of the Refunding Bonds to an amount equal to the least of (a) maximum annual debt service on the Refunding Bonds, (b) one hundred twenty-five percent (125%) of average annual debt service on the Refunding Bonds, or (c) ten percent (10%) of the proceeds of the Refunding Bonds (the "Reserve Requirement"). Any deficiency in the Reserve Account below the Reserve Requirement from time to time will be fully funded within twelve months in twelve substantially equal monthly payments from Net Revenues.

Net Revenues, after making the necessary deposits to the Sinking Fund can be deposited into a Depreciation Fund to pay the costs of additions and improvements to the Waterworks. The Depreciation Fund will be maintained in an amount no less than \$1,000,000. It will initially be funded over a three year period and any uses of the fund must be replenished within eighteen months.

All Net Revenues after making all required payments above will be deposited to the Operation and Maintenance Fund.

For a more detailed description of the funds and accounts under the Ordinance and the flow of revenues, see the Ordinance in "APPENDIX B" herein.

ISSUANCE OF ADDITIONAL REVENUE BONDS

The City reserves the right to authorize and issue additional bonds, payable out of the Net Revenues of its Waterworks, ranking on a parity with the Refunding Bonds, for the purpose of financing the cost of future additions and improvements to the Waterworks or to provide for refunding of bonds payable from Net Revenues, subject to the following conditions:

1. The interest on and principal of all bonds payable from the revenues of the Waterworks shall have been paid to date in accordance with the terms thereof.
2. As of the time of issuance of the additional parity bonds, the balance in the Reserve Account shall be equal to the Reserve Requirement for the Refunding Bonds and all bonds ranking on a parity therewith.
3. The Net Revenues must be established at a level to provide not less than 120% of the maximum annual debt service of the outstanding bonds and the parity bonds proposed to be issued. This condition must be met in either of the following two ways:

- a) by showing that Net Revenues were sufficient in the fiscal year immediately preceding the issuance of the parity bonds; or
- b) by showing that, prior to the issuance of additional parity bonds, rates have been increased sufficiently, and/or the service area and/or customer base have expanded sufficiently, so that when applied to the previous fiscal year's operations, the Net Revenues would have been sufficient.

If parity bonds are issued as variable rate debt, they must be assumed to bear the maximum interest rate thereon for the purpose of satisfying the 120% condition noted above.

- 4. Principal and interest payment dates (month and day only) on the additional parity bonds must be the same as the Refunding Bonds.
- 5. Unless waived by the insurer of the Refunding Bonds, the additional requirements set forth in Section 22(f) of the Ordinance must be satisfied.

No other bonds may be authorized and issued which pledge any portion of the Net Revenues while the Refunding Bonds and any parity bonds remain outstanding, except if such other bonds are made subordinate and junior in all respects to the Refunding Bonds and any parity bonds. See "APPENDIX B" herein.

ACCOUNTS AND REPORTS

The City shall keep proper books of records and accounts, separate from all of its other records and accounts, in which complete and correct entries shall be made showing all revenues collected from the Waterworks and all disbursements made therefrom on account of the operation of the Waterworks and to meet the requirements of the Sinking Fund and all other financial transactions relating to the Waterworks, including the cash balances in each of said funds as of the close of the preceding fiscal year. There shall be prepared and furnished upon written request to the original purchaser of the Refunding Bonds and to any subsequent holder of the Refunding Bonds at the time then outstanding, not more than four (4) months after the close of each fiscal year, operating income and expense and balance sheet statements of the Waterworks, covering the preceding fiscal year, which annual statements shall be certified by the City Controller, or the person charged with the duty of auditing the books and records relating to the Waterworks or be prepared by an independent certified public accountant retained for that purpose. Copies of all such statements and reports shall be kept on file in the office of the City Controller. Any holder or holders of the Refunding Bonds then outstanding shall have the right at all reasonable times to inspect the Waterworks and all records, accounts and data of the City relating thereto. Such inspections may be made by representatives duly authorized by written instrument.

RIGHTS AND REMEDIES OF REVENUE BONDHOLDERS

After the issuance of the Refunding Bonds, the Ordinance shall not be repealed or amended in any respect which would adversely affect the rights of the owners of said Refunding Bonds, nor shall the Common Council adopt any law, ordinance or resolution in any way adversely affecting the rights of such owners so long as any of the Refunding Bonds or the interest thereon remain unpaid. The Ordinance may be amended as set forth in the Ordinance.

The owners of the Refunding Bonds shall have all the rights, remedies and privileges set forth in the provisions of the governing Act including the right to have a receiver appointed to administer said Waterworks in the event the City fails to fix and collect sufficient rates and charges or fails to operate and maintain the Waterworks or if there is a default in the payment of the principal of or interest on the Refunding Bonds.

MISCELLANEOUS PROVISIONS OF THE ORDINANCE

The City shall at all times maintain its Waterworks in good condition and operate the same in an efficient manner and at a reasonable cost.

So long as any of the Refunding Bonds are outstanding, the City shall maintain insurance on the insurable parts of the Waterworks of a kind and in an amount such as would normally be carried by private companies engaged in a similar type of business. All insurance shall be placed with responsible insurance companies qualified to do business under the laws of the State of Indiana. In lieu of or in addition to the foregoing, the City may provide for insurance coverage for all or part of the Waterworks comparable to that described above through a self insurance program. Insurance proceeds shall be used in replacing or repairing the property destroyed or damaged; or if not used for that purpose shall be treated and applied as Net Revenues of the Waterworks.

So long as any of the Refunding Bonds are outstanding, the City shall not mortgage, pledge or otherwise encumber the Waterworks, or any part thereof, nor shall it sell, lease or otherwise dispose of any portion thereof except replaced equipment which may become worn out or obsolete or other property not required for the proper operation and maintenance of the Waterworks.

Except as otherwise provided in the Ordinance, so long as any of the Refunding Bonds are outstanding, no additional bonds or other obligations pledging any portion of the revenues of the Waterworks shall be authorized, executed or issued by the City except such as shall be made subordinate and junior in all respects to the Refunding Bonds, unless all of the Refunding Bonds are redeemed, retired or defeased coincidentally with the delivery of such additional bonds or other obligations.

LITIGATION

There is not now pending or threatened, to the City's knowledge, any litigation restraining or enjoining the issuance, sale, execution or delivery of the Refunding Bonds or in any way contesting or affecting the validity of the Refunding Bonds, any proceedings of the City taken with respect to the issuance and sale thereof, or the pledge or application of any monies or security provided for the payment of the Refunding Bonds.

LEGAL OPINIONS AND ENFORCEABILITY OF REMEDIES

The remedies available to the bondholders upon default under the Ordinance are in many respects dependent upon regulatory and judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically Title 11 of the United States Code (the federal bankruptcy code), the remedies provided in the Ordinance may not be readily available or may be limited.

The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by bankruptcy, reorganization, insolvency, moratorium and other similar laws affecting the rights of creditors generally, and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

TAX MATTERS

In the opinion of Barnes & Thornburg, South Bend, Indiana, Bond Counsel, under existing statutes, regulations, published rulings and court decisions, as of the date of the delivery of the Refunding Bonds, interest on the Refunding Bonds is excludable under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), from gross income of the holders thereof for Federal income tax purposes, and except for the state financial institutions tax, interest on the Refunding Bonds is exempt from income taxation in the State of Indiana.

The City has covenanted and will certify that it has complied and will comply with the applicable requirements of the Code to maintain the exclusion of the interest on the Refunding Bonds from gross income under Section 103 of the Code. Failure of the City to comply with such covenants could result in interest on the Refunding Bonds being included in gross income of the holders thereof for Federal income tax purposes.

The Refunding Bonds are not "private activity bonds". Therefore, interest on the Refunding Bonds will not be treated as a preference item in calculating alternative minimum taxable income of either corporations or taxpayers other than corporations under the Code. However, the alternative minimum taxable income of most corporations is increased by an amount equal to 75% of the amount by which the corporations' "adjusted current earnings" exceeds the corporation's alternative minimum taxable income computed as it is generally computed but without regard to this preference item and without regard to the alternative tax net operating loss deduction. Interest on the Refunding Bonds would be includable in the "adjusted current earnings" of a corporation for purposes of the alternative minimum tax.

Certain provisions of the Code may affect certain owners of the Refunding Bonds. With regard to property and casualty insurance companies, the income tax deduction for losses by such companies will be reduced by 15% of the tax-exempt interest received by such companies from newly acquired obligations.

Certain recipients of social security benefits are required to include a portion of such benefits in gross income by reason of receipt of interest which is exempt from tax.

In addition, for taxable years beginning before January 1, 1996, corporations will be subject to a special environmental tax equal to 0.12 percent of the excess of each corporation's alternative minimum taxable income (subject to certain modifications) over a specified amount, generally \$2 million. Consequently, a corporation's ownership of the Refunding Bonds may subject it to an alternative minimum tax together with the accompanying special environmental tax, and such ownership may also result in increasing the alternative minimum tax liability and the liability for the special environmental tax of a corporation that is already subject to these taxes. Section 884(a) of the Code imposes on U.S. branches of foreign corporations a 30% tax on

the remission to the foreign home office of earnings and profits effectively connected with a U.S. trade or business. Such "earnings and profits" generally include interest which is excludable from gross income for purposes of Federal income taxation, and thus would include interest on the Refunding Bonds.

The foregoing does not purport to be a comprehensive discussion of the tax consequences of owning the Refunding Bonds. Prospective purchasers of the Refunding Bonds should consult with their own tax advisors with respect to the foregoing and other tax consequences of owning the Refunding Bonds. Other than its opinion with respect to the exclusion of interest on the Refunding Bonds from gross income pursuant to Section 103 of the Code for Federal tax purposes, Bond Counsel has expressed no opinion with regard to the Federal tax matters discussed under this caption or with regard to any other Federal tax consequences of owning the Refunding Bonds.

ORIGINAL ISSUE DISCOUNT

The initial public offering price of the Refunding Bonds maturing on and after December 1, ____ (collectively, the "Discount Bonds") is less than the principal amount payable at maturity. As a result the Discount Bonds will be considered to be issued with original issue discount. The difference between the initial public offering price of the Discount Bonds, as set forth on the cover of this Official Statement (assuming it is the first price at which a substantial amount of that maturity is sold) (the "Issue Price" for such maturity), and the amount payable at maturity of the Discount Bonds will be treated as "original issue discount". A taxpayer who purchases a Discount Bond in the initial public offering at the Issue Price for such maturity and who holds such Discount Bond to maturity may treat the full amount of original issue discount as interest which is excludable from the gross income of the owner of that Discount Bond for federal income tax purposes and will not, under present federal income tax law, realize taxable capital gain upon payment of the Discount Bond at maturity.

The original issue discount on each of the Discount Bonds is treated as accruing daily over the term of such Discount Bond on the basis of the yield to maturity determined on the basis of compounding at the end of each six-month period (or shorter period from the date of the original issue) ending on June 1 and December 1 (with straight line interpolation between compounding dates).

Section 1288 of the Code provides, with respect to tax-exempt obligations such as the Discount Bonds, that the amount of original issue discount accruing each period will be added to the owner's tax basis for the Discount Bonds. Such adjusted tax basis will be used to determine taxable gain or loss upon disposition of the Discount Bonds (including sale, redemption or payment at maturity). Owners of Discount Bonds who dispose of Discount Bonds prior to maturity should consult their tax advisors concerning the amount of original issue discount accrued over the period held and the amount of taxable gain or loss upon the sale or other disposition of such Discount Bonds prior to maturity.

The original issue discount that accrues in each year to an owner of a Discount Bond may result in certain collateral federal income tax consequences. Owners of any Discount Bonds should be aware that the accrual of original issue discount in each year may result in a tax liability from these collateral tax consequences even though the owners of such Discount Bonds will not receive a corresponding cash payment until a later year.

BOND INSURANCE

Concurrently with the issuance of the Refunding Bonds, Financial Guaranty Insurance Company ("Financial Guaranty") will issue its Municipal Bond New Issue Insurance Policy for the Refunding Bonds (the "Policy"). The Policy unconditionally guarantees the payment of that portion of the principal of and interest on the Refunding Bonds which has become due for payment, but shall be unpaid by reason of nonpayment by the City. Financial Guaranty will make such payments to Citibank, N.A., or its successor as its agent (the "Fiscal Agent"), on the later of the date on which such principal and interest is due or on the business day next following the day on which Financial Guaranty shall have received telephonic or telegraphic notice, subsequently confirmed in writing, or written notice by registered or certified mail, from an owner of Refunding Bonds or the Paying Agent of the nonpayment of such amount by the City. The Fiscal Agent will disburse such amount due on any Refunding Bond to its owner upon receipt by the Fiscal Agent of evidence satisfactory to the Fiscal Agent of the owner's right to receive payment of the principal and interest due for payment and evidence, including any appropriate instruments of assignment, that all of such owner's rights to payment of such principal and interest shall be vested in Financial Guaranty. The term "nonpayment" in respect of a Refunding Bond includes any payment of principal or interest made to an owner of a Refunding Bond which has been recovered from such owner pursuant to the United States Bankruptcy Code of a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction.

The Policy is non-cancellable and the premium will be fully paid at the time of delivery of the Refunding Bonds. The Policy covers failure to pay principal of the Refunding Bonds on their respective stated maturity dates and not any other date on which the Bonds may have been otherwise called for redemption, accelerated or advanced in maturity, and covers the failure to pay an installment of interest on the stated date for its payment.

Generally, in connection with its insurance of an issue of municipal securities, Financial Guaranty requires, among other things, (i) that it be granted the power to exercise any rights granted to the holders of such securities upon the occurrence of an event of default, without the consent of such holders, and that such holders may not exercise such rights without Financial Guaranty's consent, in each case so long as Financial Guaranty has not failed to comply with its payment obligations under its insurance policy; and (ii) that any amendment or supplement to or other modification of the principal legal documents be subject to Financial Guaranty's consent. The specific rights, if any, granted to Financial Guaranty in connection with its insurance of the Refunding Bonds are set forth in the description of the principal legal documents appearing elsewhere in this Official Statement.

This Official Statement contains a section regarding the ratings assigned to the Refunding Bonds and references should be made to such section for a discussion of such ratings and the basis for their assignment to the Refunding Bonds. (See "RATINGS" herein). Reference should be made to the Description of the City for a discussion of the ratings, if any, assigned to such entity's outstanding parity debt that is not secured by credit enhancement.

The Policy is not covered by the Property/Casualty Insurance Security Fund specified in Article 76 of the New York Insurance Law.

Financial Guaranty is a wholly-owned subsidiary of FGIC Corporation (the "Corporation"), a Delaware holding company. The Corporation is a subsidiary of General Electric Capital Corporation ("GE Capital"). Neither the Corporation nor GE Capital is obligated to pay the debts of or the claims against Financial Guaranty. Financial Guaranty is a monoline financial guaranty insurer domiciled in the State of New York and subject to regulation by the State of New York Insurance Department. As of December 31, 1992, the total capital and surplus of Financial Guaranty was approximately \$621,000,000. Financial Guaranty prepares financial statements on the basis of both statutory accounting principles and generally accepted accounting principles. Copies of such financial statements may be obtained by writing to Financial Guaranty at 115 Broadway, New York, New York 10006, Attention: Communications Department (telephone number: (212) 312-3000) or to the New York State Insurance Department at 160 West Broadway, 18th Floor, New York, New York 10013, Attention: Property Companies Bureau (telephone number: (212) 602-0389).

RATINGS

Fitch Investors Service, Inc., Moody's Investors Service and Standard & Poor's Corporation have assigned ratings of "AAA", "Aaa" and "AAA", respectively, to the Refunding Bonds, with the understanding that, upon delivery of the Refunding Bonds, the Financial Guaranty Policy will be issued by Financial Guaranty. Such ratings reflect only the views of such organizations and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same, at the following addresses: Fitch Investors Service, Inc., One State Street Plaza, New York, New York 10004; Moody's Investors Service, Inc., 99 Church Street, New York, New York 10007; Standard & Poor's Corporation, 25 Broadway, New York, New York 10004. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agencies, if in the judgment of such rating agencies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Refunding Bonds.

UNDERWRITING

The Refunding Bonds are being purchased by the Underwriters pursuant to the Purchase Contract for reoffering at an aggregate purchase price of \$_____ plus accrued interest. The purchase price reflects Underwriters' discount of \$_____ and an original issue discount of \$_____. The initial public offering prices are set forth on the cover page of this Official Statement. The Purchase Contract provides that the Underwriters will purchase all of the Refunding Bonds if any are purchased. The obligations of the City to deliver the Refunding Bonds and of the Underwriters to accept delivery of the Refunding Bonds are subject to various conditions contained in the Purchase Contract.

The Underwriters may offer and sell the Refunding Bonds to certain dealers at prices lower than the public offering prices stated on the cover page of this Official Statement.

First Chicago Capital Markets, Inc. ("FCCM") is a broker-dealer and subsidiary of First Chicago Corporation. Any obligations of FCCM are its sole obligations and do not create any obligations on the part of any affiliate of FCCM, including any affiliated banks.

CONCLUDING STATEMENT

The foregoing summaries and statements in this Official Statement do not purport to be complete and are expressly made subject to the exact provisions of the complete documents. The attached Appendices are an integral part of this Official Statement and should be read together with all of the foregoing statements.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and are not presented as unqualified statements of fact. The information contained herein has been carefully compiled from sources deemed reliable and to the best knowledge and belief of the City there are no untrue statements nor omissions of material facts in the Official Statement which would make the statements and representations therein misleading.

The general purpose financial statements of the City of Fort Wayne, Indiana as of and for the year ended December 31, 1992 have been audited by the Indiana State Board of Accounts in accordance with generally accepted auditing standards. The said State auditors have expressed an unqualified opinion on the City's general purpose financial statements at the date of and for the period referred to above. A copy of the auditor's report and opinion are available to interested parties by application to the City Controller.

The financial statements of the City of Fort Wayne Utilities as of and for the year ended December 31, 1992 have been audited by KPMG Peat Marwick, certified public accountants, in accordance with generally accepted auditing standards. Such Financial Statements and Auditors' report thereon appears as "APPENDIX A" herein.

The presentation of historical tax and other financial data exhibited elsewhere herein is intended to show recent trends and conditions. There is no intention to represent by such data that such trends will continue in the future nor that any pending improvement or diminution of local conditions is indicated thereby.

This Official Statement has been prepared on behalf of the City of Fort Wayne, Indiana, by Municipal Consultants, financial consultants, from information supplied by the City of Fort Wayne and other information sources deemed reliable. Inquiries concerning information contained in the Official Statement should be directed to said Municipal Consultants, attention Michael A. Claytor (317-269-6680).

The execution of this Official Statement has been authorized by the City of Fort Wayne.

CITY OF FORT WAYNE, INDIANA

/s/Paul Helmke
Mayor

Dated: May 18, 1993

DESCRIPTION OF THE CITY

Location

The City of Fort Wayne is located in northern Indiana, 116 miles northeast of Indianapolis, 154 miles east of Chicago and 156 miles southwest of Detroit. It is the county seat of Allen County.

Population-Employment

		<u>Fort Wayne</u>	<u>Allen County</u>
Population	1950	133,607	183,722
	1960	161,776	232,196
	1970	178,021	280,455
	1980	172,186	291,759
	1990	173,072	300,836
Employment	181,820 Employed; 12,120 Unemployed; Work Force of 193,940 (Ft. Wayne MSA); 6.2% Unemployment Rate as of February 1993.		

Data reported by Department of Employment and Training Services,
Indianapolis, Indiana in cooperation with U.S. Bureau of Labor Statistics.

Taxes

Assessed Valuation: \$1,301,140,183 for taxes payable in 1993.

Property Tax: \$8.4106 for 1992 per \$100 of assessed valuation after property tax credit of 20% (paid by State from sales tax receipts). Household goods are exempt.

Sales & Use Tax: 5% tangible personal property except food and prescription drugs; Allen County Food & Beverage sales tax of 1%.

Individual Adjusted Gross Income: 3.4% of earnings - \$1,000 annual exemption allowed for taxpayer and each dependent.

Excise Tax: Cigarettes - 15.6 cents per package. Gasoline - 15 cents per gallon.

Automobile Tax: Excise tax in lieu of personal property tax, based on initial retail price and age of vehicle.

County Surtax: Annual tax of 5% with a \$7.50 vehicle minimum on vehicles subject to state license excise tax.

County Wheel Tax: Annual tax on buses, tractors, trailers, trucks, special machinery and recreational vehicles with a minimum of \$7.50 and a maximum of \$30.00 per vehicle.

County Option Income Tax: .5% of taxable income of Allen County residents and .125% of taxable income for non-residents employed in the County effective July 1, 1993.

County Economic Development Income Tax: .2% of taxable income of Allen County residents and .05% of taxable income non-residents employed in the County effective July 1, 1993.

Education

Public Schools: 52 schools including 6 senior and 11 middle schools.

Parochial Schools: 13 Catholic, including 2 senior high schools; 12 Lutheran, including one senior high school.

Colleges/Universities: Indiana-Purdue Regional Campus, St. Francis College, Concordia Theological Seminary, International Business Junior College, Indiana Vocational Technical College, Indiana Institute of Technology, Summit Christian College and ITT Technical Institute.

Transportation

Air Lines: Delta, American Eagle, Northwest, United Express, Comair and U.S. Air.

Air Cargo Facilities: Federal Express and UPS.

Railroads: ConRail; Norfolk & Southern; Amtrak.

Highways: I-69; US 24, 27, 30, 33; State Roads 1, 3, 14, 37.

Streets: 655 miles of roadways within corporate limits.

Inter-City Bus: ABC Coach, Indiana Motor Bus, Greyhound.

Motor Carriers: 60 common and contract motor carriers of which 53 have terminals in Fort Wayne.

Intra-City Bus: Fort Wayne Public Transportation Corporation.

Utilities

Electricity: Indiana Michigan Power Company.

Gas: Northern Indiana Public Service Company.

Water: City-owned filtration plant. Capacity per day - 72 million gallons; 69,087 users.

Sewer: City-owned plant designated as a regional water pollution control facility by EPA. New 60 mgd plant completed in 1977. There are presently 71,224 users.

Telephone: General Telephone Company of Indiana.

Community Data

Airports: Baer Field - scheduled airline, private/military flying and Smith Field - private only.

Altitude: 791 feet above sea level.

Area: 56 square miles

Churches: City of churches - 320 churches virtually representing all denominations.

City Government: Mayor - Councilman form; 21 wards, 223 precincts in the county; nine council members.

Climate: 35 inches of rainfall annually - mean annual temperature of 50 degrees.

Fire Protection: 11 stations, 256 men, 50 pieces of equipment. (Class 3 fire insurance rating.)

Police Protection: 314 men and 24 women - 120 pieces of equipment.

Hospitals: Lutheran, Parkview and St. Joseph with a total of 1,505 beds. A Veteran's Administration Hospital, numerous private nursing homes and Charter Beacon Hospital are also available in the area.

Parks: 79 public parks and playgrounds covering 1,900 acres, including a zoo, floral gardens, tennis courts, swimming pools, golf courses.

Recreation: The City has 6 golf courses; 3 indoor tennis clubs; 16 bowling alleys; War Memorial Coliseum seating up to 10,000 for recreational events. Fort Wayne Komets represented in International Hockey League competition, Fort Wayne Wizards in the Midwest Class A Baseball League, Fort Wayne Fury in the Continental Basketball Association and Fort Wayne Sport Club plays in Indiana-Ohio Soccer League. Area Soap Box Derby, 15 movie theaters, 300 lakes in 50 mile radius of City.

Cultural: Arts United of Greater Fort Wayne and its various performing groups. "Community Center for the Performing Arts" located downtown. Annual Three Rivers Festival attracts thousands of spectators with over 100 historical events, displays and parades. Reconstructed 1816 "Fort" near downtown. Downtown projects include an Art Museum and Botanical Conservatory built from funds provided in large part by local charitable trusts. The City has become a major regional convention and exhibition center with the construction of the Grand Wayne Center (downtown) and the Coliseum Exhibition Center (suburban).

Voting Requirements: 18 years of age and 30 day residency requirement in state, township and precinct.

Business Data

Building Permits: In 1992 Fort Wayne issued 188 residential building permits with a total value of \$19,690,612 and 47 commercial building permits with a total value of \$38,320,142.

Financial: Located in Fort Wayne are the following banks with total deposits and total assets as of December 31, 1992:

	<u>Bank Deposits</u>	<u>Total Assets</u>
NBD	\$ 1,451,316,000	\$ 1,679,335,000
Norwest Bank, Fort Wayne	856,690,000	990,349,000
Fort Wayne National Bank	990,321,000	1,314,457,000

Hotels-Motels: 38 with more than 4,000 rooms.

Newspapers: Journal-Gazette (D) morning daily and Sunday. News-Sentinel (R) evening daily excluding Sunday. Both located at 600 West Main Street, Fort Wayne, Indiana 46802.

Manufacturers: employ approximately 51,000.

Radio & Television: Radio - WMEE, WAJI, WOWO, WGL, WEZV, WBLC, WIPU, WXKE, WFWR, WQHK, WBNI.

Television: WKJG, WANE, WPTA, WFFT, WFWA.

Retail: County retail sales over one billion dollars. Retailers are served by Downtown Fort Wayne Association, several shopping center associations, Better Business Bureau and Fort Wayne Credit Bureau.

Principal Industries

Principal industries in Fort Wayne are Uniroyal Goodrich Co., tires for autos and trucks; Bowmar Instruments Corp., Aerospace Division, precision electro-mechanical components; Central Soya Co., Inc., soybean meal and feeds; Dana Corporation, Spicer Axle Division, differentials and axles; Essex Group, Inc., sub. United Technology, cable products, magnet wire and electrical wire; General Electric Co., Electronic Aircraft Control Division, aircraft controls;

General Motors Corporation, light-duty trucks; General Telephone Co. of Indiana, Inc.; Indiana & Michigan Electric Co.; ITT Aerospace/Optical Division, electronic equipment; Lincoln Manufacturing Co., Inc., food service equipment; Magnavox Government & Industrial Electronics Co., industrial and defense electronic equipment; Northern Indiana Public Service Co., Phelps Dodge Industries, Inc., copper and aluminum magnet wire; Power Wheels, Inc., children's toys; Rea Magnet Wire Co., Inc., copper and aluminum magnet conductors; Slater Steel, Inc., stainless steel; Tokheim Corporation, gasoline pumps and meters; Wayne Home Equipment Co., Inc., burners and pumps; Zollner Corporation, heavy duty pistons.

Major Employers

The major employers in Allen County and number of employees are:

	<u>1992</u>
Lincoln National Life Insurance Co.	4,688
Fort Wayne Community Schools	3,982
Zollner Corporation	3,363
Parkview Memorial Hospital	3,347
General Electric	3,000
North American Van Lines	2,765
General Motors	2,700
General Telephone	2,500
Magnavox	2,277
Scott's Food Stores	2,200
ITT Aerospace	2,160
Lutheran Hospital	2,070
Uniroyal Goodrich	2,000

Source of Data and Information

Statistical data and other information set forth under this "Description of the City" have been compiled by the City's financial consultant, Municipal Consultants, from sources deemed to be reliable.

DESCRIPTION OF THE WATERWORKS

Management and Operations

The City of Fort Wayne operates a Waterworks designated as the Fort Wayne Water Utility (the "Water Utility"). The operation of the Water Utility is controlled by the Board of Public Works of the City. The members of the Board of Public Works may hold other appointive positions in the City government. The present Board members and their current City position, if any, are as follows:

City Position

Charles E. Layton, Chairman
Katherine A. Carrier, CPA
C. James Owen, Ph.D

Director of Public Works
Citizen Member
Citizen Member

In 1992 the City Utilities (including the Electric Utility, Water Utility, Sewage Works, Stormwater Service and certain internal service operations) were reorganized under a Director of Utilities who is responsible for the day-to-day operations of all utility operations, engineering and planning. Terry Atherton was named Director of Utilities. He was formerly head of Water Resources for the City of Fort Wayne and has worked for the City since 1969. Mr. Atherton received his Bachelor of Science degree from Purdue University in 1970, is a Registered Land Surveyor and Registered Professional Engineer in Indiana. He has worked in various capacities for the City of Fort Wayne since May of 1969 except for a six-year period while engaged in private practice. He is a member of the American Waterworks Association, American Public Works Association and the Water Pollution Control Federation.

The Board of Public Works may enter into all contracts or agreements necessary to performing its duties. However, the Board may not obligate the City to a contract relating to the financing of construction or improvements to the Water Utility without the approval of the municipal legislative body, the Fort Wayne Common Council. The Fort Wayne Common Council has the authority and responsibility to establish just and equitable rates and charges for water services. Rates and analyses of cost of service are subject to approval by the Indiana Utility Regulatory Commission (the "IURC").

The current rates were approved by the IURC on March 28, 1990. The current rates are based on the quantity of water used plus a charge based on the meter size. Wholesale users are billed for services in accordance with a contract or intermunicipal agreement. The rates and charges set forth in the agreement are intended to cover the City's cost of treating and supplying water as well as a portion of the operation, maintenance and capital cost of the Water Utility.

Users are billed monthly and assessed a 3% late fee on the amount due if the bill has not been paid within 22 days. The user will be disconnected if the bill becomes 30 days past due. (Delinquency notices are sent ten days prior to disconnection.) In order to collect amounts owed, the City usually takes the following steps: (1) in-house collection, (2) outside agency collection, and (3) disconnection of service.

Customer Base

The Water Utility provides water service to all developed areas within the City and to certain areas outside its boundaries including certain industrial customers outside the City limits. The Water Utility estimates that it serves over 200,000 individuals through its own customer base and the supply of water to other communities and utilities. The Water Utility's direct customers include:

Residential	61,866
Commercial	5,470
Industrial	367
Private Fire	663
Institutional	531
Governmental	181
Interutility	<u>9</u>
Total	<u>69,087</u>

Rates and Charges

Rates and Charges of the Water Utility are based upon a cost of service study which allocates costs among customer classes based on the cost of serving that class of customer. The monthly water use charge for 1,000 cubic feet of use (7,480 gallons) is \$12.84. This is among the lowest charges for municipal water systems in Indiana's Second Class Cities (greater than 35,000 population excluding only Indianapolis which is classified as a First Class City).

Physical Plant

The source of supply consists of impoundment of water from the St. Joseph River and three dams providing capacity of about 500 million gallons in the Cedarville Reservoir; 285 million gallons in the St. Joseph River Dam Reservoir; and nearly two billion gallons in the Hurshtown Reservoir. The raw water is treated at the Three Rivers Filtration Plant, which has a design capacity of 72 million gallons per day and high service pumping capacity of about 120 million gallons per day. The system has total finished water storage capacity of 32 million gallons.

There are four booster pumping stations: East Side on the eastern edge of the system to provide increased pressure for serving the City of New Haven and several industrial customers; Northwest on the northwest side which serves two industrial parks, several residential areas and several large commercial customers; Southwest located near Baer Field which provides booster pumping to serve the General Motors facility; and West Side located on the near west side to provide higher pressures to the Aboite Township and Time Corners area and serving a growing residential and commercial area. Water is distributed to users from the centrally located filtration plant through a distribution system of more than 830 miles of water mains, ranging from 3" to 54" in diameter.

The source of raw water supply for the Fort Wayne water system is the St. Joseph River and its tributaries which have a watershed area of 1,060 square miles. The St. Joseph River has its origin in Hillsdale County, Michigan and flows down across the northwest corner of Ohio and into Indiana. Here in Fort Wayne, the St. Joseph River joins the St. Mary's River immediately in front of the Three Rivers Filtration Plant, at which point the Maumee River has its beginning and flows easterly to Lake Erie.

The raw water supply intake is located two and one-half (2 1/2) miles upstream of the St. Joseph River at the St. Joseph River Dam and Reservoir. Approximately ten (10) miles further upstream on the St. Joe River from the raw water supply intake is located the second Dam and Reservoir which is known as Cedarville. The third reservoir, Hurshtown, is situated off stream of the St. Joseph River approximately one third (1/3) of a mile northeast of Cedarville.

A low service pumping station is located at the St. Joseph River Dam equipped with four raw water pumps ranging in capacity from 18 million gallons per day to 72 million gallons per day where the raw water is conveyed to the Filtration Plant via two 42-inch diameter raw water mains.

The purification process includes lime-soda ash softening, primary and secondary flocculation and sedimentation, recarbonation, rapid sand filtration, chlorination, ammoniation, fluoridation since 1951 and taste and odor control with chlorine dioxide and powdered activated carbon. Following the filtering operation, the finished water is stored in a 20 million gallon underground concrete filtered water reservoir located west of the treatment plant from which it is pumped to the distribution mains. The high service pumping station is an integral part of the treatment plant and contains ten pumps with a combined capacity of over 120 million gallons per day delivering water to the distribution system.

The original Filtration Plant, with a 24 million gallon per day treatment capacity was placed in operation in 1934. To keep pace with a growing community, a 24 million gallon per day addition to the plant was constructed in 1956 and again in 1981 another 24 million gallon per day addition was put into operation. At the present time the combined total treatment capacity of the Filtration Plant is 72 million gallons per day.

Average daily use in 1992 was 28.34 MGD and the single maximum daily flow was 51.01 million gallons. Trend flow data is presented as follows:

	<u>1992</u>	<u>1991</u>	<u>Design Capacity</u>	<u>Record Demand</u>	
Average Use (MGD)	28.34	29.36	72.0	37.54	(1988)
Maximum Use (MGD)	51.01	50.97	72.0	59.30	(1988)

Largest Waterworks Customers

<u>Customer</u>	<u>1992 (ccf) Consumption</u>	<u>1992 Revenues</u>	<u>Percent of Total Revenue</u>
New Haven Municipal	535,022	\$ 347,280	2%
General Motors	449,969	609,061	4
Dana Corp.	375,590	227,025	1
Slater Steel	163,938	86,664	1
General Electric	112,170	67,747	<u>1</u>
Total percentage for 5 largest customers			<u>9%</u>

Debt Service Coverage

Debt service coverage for the Waterworks is calculated as follows:

	(1) <u>1990</u>	(1) <u>1991</u>	(1) <u>1992</u>
Net Operating Income	\$ 3,298,774	\$ 3,615,341	\$ 3,564,207
Investment Income	504,569	365,820	107,048
Add-Back Depreciation	1,368,696	1,795,893	1,680,128
Less: Contributions In Lieu of Taxes	<u>(577,500)</u>	<u>(606,375)</u>	<u>(636,694)</u>
Net Revenues Available for Debt Service	4,594,539	5,170,679	4,714,689
Debt Service	<u>3,540,827</u>	<u>3,338,773</u>	<u>3,314,846</u>
Coverage- \$	<u>\$ 1,053,712</u>	<u>\$ 1,831,906</u>	<u>\$ 1,399,843</u>
- %	<u>129.76%</u>	<u>154.87%</u>	<u>142.23%</u>

- (1) From Financial Statements and Auditors' Report thereon of the City of Fort Wayne Utilities for the years then ended calculated with actual debt service. The Financial Statements and Auditors' Report thereon for the year ended December 31, 1992 are reproduced herein as APPENDIX A.

CITY DEBT AND LEASE OBLIGATIONS

Direct and Overlapping Debt (As of January 2, 1993)

<u>Direct Debt</u>	<u>Total Direct Debt</u>	<u>% Applicable</u>	<u>Amount Applicable</u>
<u>City of Fort Wayne</u>			
Municipal Bonds- 1982	\$ 1,630,000	100.0%	\$ 1,630,000
- 1986	2,680,000	100.0	2,680,000
- 1986 (Phase II)	2,105,000	100.0	<u>2,105,000</u>
Total City Direct Debt			<u>6,415,000</u>
<u>Overlapping Direct Debt & Lease Obligations</u>			
<u>Direct Debt</u>			
Park District	1,730,000	100.0%	1,730,000
Redevelopment Commission	4,330,000	100.0	4,330,000
Public Transportation Corp.	775,000	84.7	656,425
Fort Wayne/Allen County Airport Authority	2,683,182	53.6	1,438,186
Allen County Public Library	10,245,000	53.6	5,491,320
East Allen County School Corporation*	9,640,000	19.0	1,831,600
Southwest Allen County Schools*	56,494,375	4.6	2,598,741
Allen County	45,850,000	53.6	<u>24,575,600</u>
Total Overlapping Direct Debt			<u>42,651,872</u>

* Also includes Common School Loan Fund Debt

Direct Debt Issuance Limitation

The Civil City is limited to the issuance of direct debt not to exceed 2% of the assessed valuation of property within said Civil City.

Total Assessed Valuation - 1992/1993	<u>\$ 1,301,140,183</u>
2% Thereof	\$ 26,022,804
Present General Obligation Bonds - subject to limitation	<u>6,415,000</u>
Issuance Margin	<u><u>\$ 19,607,804</u></u>

Per Capita & Debt Ratio Analysis

Population - 1990

173,072

Assessed Valuation (1992/93)

\$ 1,301,140,183

<u>Description</u>	<u>Amount</u>	<u>Debt Per Capita</u>	<u>Ratio Of Debt/Assessed Valuation</u>
Total City Direct Debt	\$ 6,415,000	\$ 37.07	.51%
Total Overlapping Direct Debt & Lease Obligations	42,651,872	246.44	3.28

City Tax Incremental Financing Bonds

The City presently has outstanding \$9,670,000 Fort Wayne Redevelopment Tax Incremental Financing Bonds (TIF Bonds). These TIF Bonds are payable solely from the excess property tax revenues of certain designated Redevelopment Districts of the City and do not constitute a claim against the base property taxes collected or other income of the City. The annual availability of excess tax revenues depends on a large number of factors, many of which are outside of the control of the City, including the construction of new property in the District.

Statement of City-Owned Utility Debt

The City of Fort Wayne owns and operates water and sewage works utilities which have heretofore issued revenue bonds. These bonds constitute a lien on the revenues of said utilities and are not, pursuant to Indiana statutes, a direct obligation of the City. Revenue bonds issued and outstanding as of December 31, 1992 were as follows:

<u>Utility</u>		<u>Interest Rates</u>	<u>Final Maturity</u>	<u>Bonds Outstanding</u>
Sewage Works-	1985	8.25% - 9.10%	2005	\$ 11,024,736
Sewage Works-	1986(1)	7.4% - 7.875%	2011	4,645,000
Waterworks	- 1967(2)	5%	2000	1,100,000
Waterworks	- 1968(2)	5.4%	2000	1,300,000
Waterworks	- 1978(2)	6% - 6.5%	2003	11,175,000
Waterworks	- 1982(2)	10.75% - 11.25%	2002	1,090,000
Waterworks	- 1986(2)	5.75% - 6.75%	2007	3,465,000
Waterworks	- 1990(2)	7.1% - 9.5%	2007	6,810,000

- (1) To be refunded with proceeds from Sewage Works Refunding Revenue Bonds of 1993, being issued simultaneously with the Refunding Bonds.
- (2) To be refunded with proceeds of the Refunding Bonds.

Lease of Electric Utility

Effective March 1, 1975, the City of Fort Wayne leased its Electric Utility to Indiana and Michigan Electric Company for a term of thirty-five years with an option for another fifteen years. Rental payments are due and payable in equal monthly installments in advance on the first day of each month. Rental payments made at any time within thirty days after the due date are not delinquent. Annual rentals to December 31, 1992, are as follows:

<u>Amount</u>	<u>Year</u>	<u>Totals</u>	<u>Received</u>	<u>Future Rentals</u>
\$ 1,440,000	3/1/75 - 2/29/80	\$ 7,200,000	\$ 7,200,000	\$ -0-
1,490,000	3/1/80 - 2/28/85	7,450,000	7,450,000	-0-
1,540,000	3/1/85 - 2/28/90	7,700,000	7,700,000	-0-
1,590,000	3/1/90 - 2/28/95	7,950,000	4,770,000	3,180,000
1,640,000	3/1/95 - 2/28/00	8,200,000	-0-	8,200,000
1,690,000	3/1/00 - 2/28/05	8,450,000	-0-	8,450,000
1,740,000	3/1/05 - 2/25/10	8,700,000	-0-	8,700,000
Totals		<u>\$ 55,650,000</u>	<u>\$ 27,120,000</u>	<u>\$ 28,530,000</u>

In December 1983, the City, acting through its Electric Utility, entered into a Standby Financing Agreement with the Developer of the downtown Hilton Hotel and a Reimbursement Agreement with a letter of credit bank, the terms of which provided that if the Developers defaulted on a \$10,000,000 Economic Development Bond, the City, by and through its Electric Utility, would reimburse the letter of credit bank for up to \$3,000,000.

The City has become obligated to make the reimbursement required of it under the Standby Financing Agreement and the Reimbursement Agreement and has discharged said obligation through the issuance of City of Fort Wayne Electric Utility Refunding Bonds of 1987 (Bonds) in the principal amount of \$3,000,000. Said Bonds are payable solely from the net revenues of the City's Electric Utility and are further secured by the pledge of certain securities held by the Fort Wayne Community Trust. The obligation is not a general obligation of the City and is not payable through tax revenues of the City. The obligation is not entitled to the City's full faith and credit. The anticipated future net revenues of the City's Electric Utility together with the pledged assets of the Fort Wayne Community Trust are expected to be sufficient to meet the obligations under said Bonds.

Prospective Debt Issues

The City expects to issue additional long term debt payable from user charges during 1993 for sludge disposal modifications to the Sewage Works. The City is issuing its Sewage Works Refunding Revenue Bonds of 1993 simultaneously with the Refunding Bonds.

In addition, the City anticipates the issuance of bonds during 1993 for improvements to the Fort Wayne Park District and the issuance of bonds for public safety needs including vehicles and building projects. The City anticipates the issuance of highway improvement bonds payable from Economic Development Income Taxes and a potential bond issue payable from Electric Utility lease revenues during 1993.

Total City Tax Rates (1)
(Per \$100 Assessed Valuation)

Total Civil City and County Tax Rates (by year of assessment)

	<u>1992</u>	<u>1991</u>	<u>1990</u>	<u>1989</u>	<u>1988</u>
<u>City-Township</u>					
Adams	\$ 10.0991	\$ 9.3918	\$ 9.1323	\$ 8.9657	\$ 10.9529
Pleasant	9.9843	9.3563	9.0209	8.8713	10.9438
St. Joseph	10.0791	9.4182	9.0217	8.8543	10.9236
Washington	9.9675	9.3411	9.0268	8.8601	10.9391
Wayne	10.5132	10.0084	9.4203	9.1500	11.4948

Analysis of Civil City and County Tax Rate

	<u>City - Wayne Township</u>				
State	\$.1497	\$.1462	\$.1321	\$.1304	\$.1636
County	1.2332	1.2290	1.1765	1.1466	1.4479
Township	.5651	.6891	.4110	.3057	.5840
Schools	4.6580	4.0964	3.8920	3.7556	4.5576
Airport	.0971	.0972	.0940	.0948	.1220
Library	.3931	.3830	.3296	.3304	.4079
Public Transportation	<u>.1208</u>	<u>.1281</u>	<u>.1318</u>	<u>.1332</u>	<u>.1593</u>
	<u>7.2170</u>	<u>6.7690</u>	<u>6.1670</u>	<u>5.8967</u>	<u>7.4423</u>
<u>City</u>					
General Fund	\$ 1.6424	\$ 1.4990	\$ 1.4877	\$ 1.6607	\$ 2.0854
Police Pension	.0385	.1170	.2247	.1209	.1607
Fire Pension	.1222	.1421	.1400	.1359	.1754
Sanitary Pension	.0166	.0139	.0141	.0162	.0221
Redevelopment - General	.0123	.0141	.0090	.0102	.0126
Parks	.3766	.3673	.3532	.2897	.3595
Sewer Relief	-0-	-0-	-0-	-0-	-0-
Civil City Bonds	.3191	.3465	.3286	.3634	.4197
Fire	<u>.7685</u>	<u>.7395</u>	<u>.6960</u>	<u>.6563</u>	<u>.8171</u>
Total Civil City	<u>3.2962</u>	<u>3.2394</u>	<u>3.2533</u>	<u>3.2533</u>	<u>4.0525</u>
 Total Civil City and County Tax Rate	 <u>\$ 10.5132</u>	 <u>\$ 10.0084</u>	 <u>\$ 9.4203</u>	 <u>\$ 9.1500</u>	 <u>\$ 11.4948</u>

- (1) Includes Allen County and overlapping levies, payable in succeeding year. All tax rates exhibited are before deduction of 15%-17% thereof for property tax relief funds provided from State of Indiana tax sources and before deduction of homestead credits.

Record of Taxes Levied and Collected

Total County

<u>Collection Year</u>	<u>Levied</u>	<u>Current Collected</u>	<u>%</u>	<u>Current & Delinquent Collected</u>	<u>%</u>
1988	\$ 142,359,563	\$ 138,713,045	97.4%	\$ 143,510,499	100.8%
1989	159,104,031	156,019,933	98.1	159,705,536	100.4
1990	173,316,679	170,223,380	98.2	173,901,009	100.3
1991	188,526,505	181,168,964	96.1	186,873,677	99.1
1992	203,003,330	194,620,371	95.9	200,336,886	98.7

Assessed Valuation

Assessed valuation of real and personal property represents approximately one-third of true value and is net of exemptions.

Assessment Year Net Assessed Valuation

1982-83	\$ 728,796,370
1983-84	743,587,930
1984-85	759,036,540
1985-86	800,776,870
1986-87	844,575,680
1987-88	873,202,980
1988-89	904,488,570
1989-90	1,201,415,194
1990-91	1,226,220,835
1991-92	1,264,082,134
1992-93	1,301,140,183

Assessed Valuation of Allen County for 1992-93 is \$2,428,590,398 which does not include Tax Incremental Financing district valuation.

<u>Largest Taxpayers</u>	<u>1991-92 Assessed Valuation</u>
Dana Corporation	\$ 24,366,590
Indiana Michigan Power Company	21,727,030
GTE North, Inc.	21,645,600
Magnavox Company	19,674,590
General Electric Company	18,390,700
Lincoln National Corporation	17,459,180
Lake County Trust/Landau & Hayden	15,544,730
Super Value Stores	14,095,610
Prudential Insurance Company	13,767,740
Summerfield, Nicholas U. Et al. Trust	<u>11,330,000</u>
Total	<u>\$ 178,001,770</u>
Percent to Total Assessed Valuation	<u>13.7%</u>

City Pension Plan

Civil City and City Utilities' Employees

All City employees, other than police and firemen, are covered by PERF. City contributions for 1992 were 6.83% of wages for Civil City personnel and for City Utilities' employees. The City's 1992 payments of such contributions totalled \$1,750,515 including amortization of unfunded past service costs over 40 years and interest thereon. At December 31, 1992 net assets available for benefits, in the aggregate, exceeded the actuarial present value of accumulated plan benefits, based on an assumed 7 1/2% rate of return.

Police and Firemen

The City has pension plans pursuant to state statute for the benefit of police and firemen. Plans covering participants prior to 1977 are paid from current tax levies and current employee contributions of 6%. Certain pre-1977 participants, by election subject to a lump sum payment of \$10,000, converted to coverage by Public Employee Retirement Fund (PERF). In either case, the City has undertaken payment only on a pay-as-you-go basis, without advance funding, paying the difference between employee contributions and required current year payments out of current tax levies.

Police and firemen employed after May 1, 1977 are covered by PERF, which plan currently requires contributions of 21% by the City and 6% by the employee.

Both of the foregoing classes of employment have created substantial unfunded liability for the City, as set forth hereafter. The City receives certain funds annually from the State of Indiana Pension Relief Fund, a fund to assist all Indiana cities with police and firemen pension costs. Receipts of the Fund are derived from certain state cigarette and liquor taxes. The City cannot estimate if this assistance will continue nor in what amount such funds will be available in future years.

The latest actuarial valuation of the prior to 1977 police and firemen plans was performed as of December 31, 1992. In 1992 the City contributed \$2,233,590 and participants \$143,021 to defray current benefits. As of December 31, 1992 the City had unfunded pension liabilities for police and firemen, net of assets available for plan benefits, based on an assumed 7% rate of return, in the amount of \$204,728,231.

Sanitary Officers

During 1992 the City paid benefits to nineteen retired sanitary officers or beneficiaries in the amount of \$192,979. These are former employees of the City Health Department which is now consolidated with and administrated by the Fort Wayne/Allen County Health Department. No provision is being made to fund prior service costs of these retirees. In 1992 the City contributed \$192,979 and participants \$9,103 to defray current benefits. As of December 31, 1992 the City had unfunded pension liabilities for sanitary officers, net of assets available for plan benefits in the amount of \$5,957,404.

Sources of Data and Information

Statistical data and other information set forth under the caption "City Debt and Taxation" have been compiled by the City's financial consultant, Municipal Consultants, from sources deemed to be reliable.

APPENDIX A

FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON OF THE CITY UTILITIES OF THE CITY OF FORT WAYNE FOR THE YEAR ENDED DECEMBER 31, 1992

APPENDIX B

ORDINANCE NO. S-41-93

APPENDIX C

FORM OF BOND COUNSEL OPINION

APPENDIX D

FORM OF BOND INSURANCE POLICY

BILL NO. S-93-05-16

REPORT OF THE COMMITTEE ON
CITY UTILITIES
JANET G. BRADBURY - CHAIRPERSON
SAMUEL J. TALARICO - VICE CHAIRPERSON
RAVINE, HENRY

WE, YOUR COMMITTEE ON CITY UTILITIES TO WHOM WAS

REFERRED AN (ORDINANCE) (~~RESOLUTION~~) concerning the issuance
of revenue bonds to refund outstanding sewage works bonds of the
City of Fort Wayne, the collection, segregation and distribution
of the revenues of said works, the safeguarding of the interest
of the owners of said revenue bonds, other matters connected
therewith, and repealing ordinances in conflict therewith

HAVE HAD SAID (ORDINANCE) (~~RESOLUTION~~) UNDER CONSIDERATION
AND BEG LEAVE TO REPORT BACK TO THE COMMON COUNCIL THAT SAID
(ORDINANCE) (~~RESOLUTION~~)

DO PASS

DO NOT PASS

ABSTAIN

NO REC

C.R. Edmunds

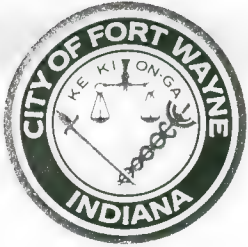
Sam J. Talarico

Clara Harris

Henry Ravine

DATED: 5-18-93.

Sandra E. Kennedy
City Clerk



THE CITY OF FORT WAYNE



Paul Helmke
Mayor

MEMORANDUM

LAW DEPARTMENT

TO: CITY COUNCIL MEMBERS

FROM: J. TIMOTHY MCCAULAY, CORPORATION COUNSEL *JM*

DATE: May 10, 1993

SUBJECT: UTILITY BOND REFINANCINGS *D-93-05-16*

The City of Fort Wayne Utilities propose to refinance certain outstanding waterworks and sewage works debt. The proposed refinancing will both generate significant savings and help modernize the waterworks utility's debt structure so as to place its future debt issues in a more favorable marketing position and to allow greater flexibility in handling day-to-day utility financial matters.

The refinancing is based on a proposal submitted by First Chicago Capital Markets, Inc. dated April 7, 1993, a copy of which is provided herewith. The proposal, among other things, assumes the issue will be "insured" to permit marketing as a triple-A rating.

WATERWORKS REFINANCING: The City's Waterworks Utility has six outstanding revenue bond issues (Series 1967, 1968, and 1978 are senior lien bonds; Series 1982, 1986, and 1990 are junior lien bonds.). The refunding issue size would approximate \$26 million with anticipated savings, after subtracting estimated issuance costs of \$371,370 (1.428%) and bond insurance premiums, based on First Chicago's April 7th report, of \$912,000 cumulative and \$654,000 total net present value. Actual savings will depend upon market conditions at the time of sale. The refinancing will not extend the payment period for any issue being refinanced.

SEWAGE WORKS REFINANCING: The City's Sewage Works has two outstanding revenue bonds (Series 1985 and Series 1986). Only the Series 1986, however, has callable bonds. Nevertheless, given the current favorable market rates for insured Triple-A bonds, an issue sized at approximately \$5.3 million would generate anticipated savings, after subtracting estimated issuance costs of \$116,830 (2.217%) and bond insurance premiums, based on First Chicago's April 7th report, of \$422,000 cumulative and \$272,000 total net

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One Main Street, Fort Wayne, Indiana 46802

present value. Actual savings will depend upon market conditions at time of sale. The refinancing will not extend the payment period for the issue being refinanced.

TIMETABLE: The project is on a "fast track" to avoid negative arbitrage. Negative arbitrage occurs when bond proceeds must be escrowed to meet a future call date at an interest rate below the bond's interest rate. The Series 1978 Waterworks Bonds contain a provision that allows them to be called only on an interest payment date after a thirty (30) day call notice. The par amount of those bonds is \$11,175,000. The next call date is July 1, 1993, and thus, the next call notice date is June 1, 1993. The bond ordinance must be passed prior to May 20, 1993, to allow for a sale before the June 1, 1993 call notice date and a closing before the July 1, 1993 call date. If this timetable cannot be met, the anticipated savings would be reduced by approximately \$95,000.00.

FGIC, the proposed bond insurer, will not deliver its final conditions until May 12, 1993. Therefore, a "shell" ordinance is being introduced May 11, 1993, subject to amendment after the final FGIC conditions are received. Furthermore, a special meeting of Council will be needed May 18, 1993, so that the ordinance, in final form, can be adopted by the Council and signed by the Mayor to allow adequate time to market the bonds to achieve the most favorable rate available.

RESULTS OF NON-PASSAGE: The cumulative Utilities' annual debt service payments from the present to the year 2007 will be approximately \$1.3 million higher than if the refinancing package is approved. (Note: Actual amount of savings will depend upon market rate at time of sale.)

DIGEST SHEET

TITLE OF ORDINANCE BOND ORDINANCE

DEPARTMENT REQUESTING ORDINANCE CONTROLLER'S OFFICE

SYNOPSIS OF ORDINANCE 1. AUTHORIZES ISSUANCE OF SERIES 1993
SEWAGE WORKS REFINANCING BONDS.

2. ISSUE SIZE; \$5.3 MILLION;

3. REFINANCES SERIES 1986 BONDS.

EFFECT OF PASSAGE REFINANCING WILL BE AUTHORIZED

EFFECT OF NON-PASSAGE REFINANCING WILL NOT BE AUTHORIZED

MONEY INVOLVED (DIRECT COSTS, EXPENDITURES, SAVINGS) ISSUANCE
COSTS: \$116,830 (2.217%); ESTIMATED SAVINGS: \$422,000
CUMULATIVE; \$272,000 TOTAL - NET PRESENT VALUE.

ASSIGNED TO COMMITTEE (PRESIDENT) _____

Bill No. 93-05-16

SPECIAL ORDINANCE NO. _____

AN ORDINANCE concerning the issuance of revenue bonds to refund outstanding sewage works bonds of the City of Fort Wayne, the collection, segregation and distribution of the revenues of said works, the safeguarding of the interests of the owners of said revenue bonds, other matters connected therewith, and repealing ordinances in conflict therewith.

ADOPTED MAY 18, 1993

TABLE OF CONTENTS

	<u>Page</u>
SECTION 1. Authorization for Bonds	3
SECTION 2. General Terms of Bonds	3
SECTION 3. Terms of Redemption	5
SECTION 4. Appointment of Registrar and Paying Agent	6
SECTION 5. Form of Bonds; Book-Entry Bonds	6
SECTION 6. Sale of Bonds	13
SECTION 7. Use of Bond Proceeds	13
SECTION 8. Approval of Escrow Agreement	13
SECTION 9. Collection of Revenues; Funding Operation, Repair and Maintenance	14
SECTION 10. Sinking Fund for Bonds	15
SECTION 11. Improvements to the Works and Payments in Lieu of Taxes	15
SECTION 12. Investments	16
SECTION 13. Books and Records	16
SECTION 14. Rate Covenant	17
SECTION 15. Defeasance	17
SECTION 16. Additional Bonds	17
SECTION 17. Additional Covenants of the City	18
SECTION 18. Tax Covenants	19
SECTION 19. Amendments	20
SECTION 20. Defaults	22
SECTION 21. Approval of Official Statement	23
SECTION 22. Provisions Regarding Bond Insurance	23
SECTION 23. No Conflict	27
SECTION 24. Severability	28
SECTION 25. Holidays, Etc.	28
SECTION 26. Effectiveness	28
EXHIBIT A Bond Maturity Schedule	29
EXHIBIT B Form of Escrow Agreement	30
SCHEDULE I List of Governmental Obligations.	35

AN ORDINANCE concerning the issuance of revenue bonds to refund outstanding sewage works bonds of the City of Fort Wayne, the collection, segregation and distribution of the revenues of said works, the safeguarding of the interests of the owners of said revenue bonds, other matters connected therewith, and repealing ordinances in conflict therewith.

WHEREAS, the City of Fort Wayne, Indiana (the "City") has established, constructed and financed sewage works, and now owns and operates said sewage works pursuant to I.C. 36-9-23 (the "Sewer Act"), and other applicable laws; and

WHEREAS, the City has outstanding certain Sewage Works Improvement Revenue Bonds (the "1959 Bonds") in the amount of _____ (\$_____) maturing on August 1, in the years 1986 to 1990, inclusive, which bonds constitute a first charge upon the net revenues of the sewage works; and

WHEREAS, the City also has outstanding certain Sewage Works Improvement Revenue Bonds of 1961 (the "1961 Bonds") in the amount of _____ (\$_____) maturing on August 1 in the years 1986 to 1993, inclusive, which bonds constitute a first charge upon the net revenues of the sewage works and are on a parity with the 1959 Bonds; and

WHEREAS, the City also has outstanding certain Sewage Works Improvement Revenue Bonds of 1970 ("the 1970 Bonds"), maturing on August 1 in the years 1986 to 1995, inclusive, which bonds constitute a first charge upon the net revenues of the sewage works and are on a parity with the 1959 Bonds and the 1961 Bonds; and

WHEREAS, the City also has outstanding certain Sewage Works Improvement Revenue Bonds of 1975 (the "1975 Bonds"), in the amount of _____ (\$_____) maturing on August 1 in the years 1986 to 1997, inclusive, which bonds constitute a first charge upon the net revenues of the sewage works and are on a parity with the 1959 Bonds, the 1961 Bonds and the 1970 Bonds; and

WHEREAS, the City also has outstanding certain Sewage Works Revenue Bonds of 1982 (the "1982A Bonds") in the amount of _____ (\$_____) maturing on August 1 in the

years 1996 to 2000, inclusive, which bonds constitute a first charge upon the net revenues of the sewage works and are on a parity with the 1959 Bonds, the 1961 Bonds, the 1970 Bonds and the 1975 Bonds; and

WHEREAS, the City also has outstanding certain Sewer Connection Revenue Bonds of 1982 (the "1982B Bonds") in the amount of _____ (\$_____) maturing on August 1 in the years 1985 to 1998, inclusive, which bonds constitute a first charge upon the net revenues of the sewage works and are on a parity with the 1959 Bonds, the 1961 Bonds, the 1970 Bonds, the 1975 Bonds and the 1982A Bonds (collectively, the "Refunded Bonds"); and

WHEREAS, the City also has outstanding certain Sewer Works Revenue Refunding Bonds (the "1985 Refunding Bonds") in the amount of _____ (\$_____) maturing February 1 and August 1 of each year from 1989 through 2000 and on August 1, 2005, which bonds constitute a second charge upon the net revenues of the sewage works and are junior to the Refunded Bonds; and

WHEREAS, the City also has outstanding certain Sewage Works Revenue Bonds of 1986 (the "1986 Bonds" or "Prior Bonds") in the amount of _____ (\$_____) maturing January 1 of each year from 1989 through 1999, which bonds constitute a third charge upon the net revenues of the sewage works and are junior to the Refunded Bonds and the Refunding Bonds; and

WHEREAS, I.C. 5-1-5 (the "Refunding Act") authorizes the refunding of the Prior Bonds in order to effect a savings or modify such restrictive covenants as may impede additional financing, by providing for payment of and defeasing the Prior Bonds from proceeds of other bonds; and

WHEREAS, the Common Council of the City of Fort Wayne deems it advisable to issue the refunding bonds authorized by this Ordinance as "City of Fort Wayne, Indiana, Sewage Works Refunding Revenue Bonds of 1993" in original principal amount not to exceed _____ (\$_____) (the "1993 Bonds") for the purpose of providing, together with certain funds

on hand relating to the Prior Bonds, for the payment of (i) the principal amount of the Prior Bonds, (ii) the interest and premium, if any, payable on the Prior Bonds, (iii) the costs of the refunding, and (iv) the costs of issuance of the 1993 Bonds (the "Refunding"); and

WHEREAS, the Common Council deems it advisable to escrow certain proceeds of the 1993 Bonds, together with available funds on hand relating to the Prior Bonds, if any, and investment income thereon, pursuant to the terms of a refunding escrow agreement (the "Escrow Agreement") to be entered into with Norwest Bank Fort Wayne, N.A., Fort Wayne, Indiana, as escrow agent (the "Escrow Agent") to provide for the payments of principal of and interest on the Prior Bonds as such becomes due and payable and at redemption prior to maturity; and

WHEREAS, there is no encumbrance or lien of any kind whatsoever upon the revenues hereby pledged to the payment of the 1993 Bonds, other than the Refunded Bonds, the 1985 Refunding Bonds and the Prior Bonds, and such revenues are not pledged or assigned for any other purpose whatsoever; and

WHEREAS, the Refunding will effect a savings; and

WHEREAS, the Common Council now finds that all conditions precedent to the adoption of an ordinance authorizing the issuance of the 1993 Bonds have been complied with in accordance with the provisions of I.C. 5-1-5 and I.C. 36-9-23 (together, the "Act").

NOW, THEREFORE, BE IT ORDAINED BY THE COMMON COUNCIL OF THE CITY OF FORT WAYNE, INDIANA:

SECTION 1. Authorization for Bonds. In order to effect a savings, the City shall issue the 1993 Bonds as herein authorized and proceed with the advance refunding of the Prior Bonds which shall be paid or redeemed in accord with the Escrow Agreement. The terms "sewage works," "works," and other like terms where used in this Ordinance shall be construed to mean and include all structures and property of the City's sewage utility.

SECTION 2. General Terms of Bonds. The City shall issue its sewage works refunding revenue bonds in an amount not to exceed _____ (\$ _____), to be designated "Sewage Works Refunding Revenue Bonds of 1993," for the purpose of procuring funds to apply to the cost of the Refunding. Such 1993 Bonds shall be signed in the name of the City by manual or facsimile signatures of the Mayor of the City (the "Mayor") and Controller of the City (the "Controller") and attested by the manual or facsimile signature of the Clerk of the City (the "Clerk"), who shall affix the seal of the City to each of the 1993

Bonds manually or shall have the seal imprinted or impressed thereon by facsimile or other means. In case any officer whose signature appears on the 1993 Bonds shall cease to be such officer before the delivery of such 1993 Bonds, such signature shall nevertheless be valid and sufficient for all purposes as if such officer had remained in office until delivery thereof. The 1993 Bonds shall also be authenticated by the manual signature of the Registrar (as defined below).

The 1993 Bonds shall be sold at a price not less than 98.6% of the par value thereof (exclusive of original issue discount), shall be issued in fully registered form in denominations of Five Thousand Dollars (\$5,000) or any integral multiple thereof, shall be numbered consecutively from 1 up, shall be originally dated as of the first day of the month in which the 1993 Bonds are sold or as otherwise determined by the Controller, and shall bear interest at a rate or rates not exceeding seven percent (7%) per annum (the exact rate or rates to be determined by negotiation) payable on the first (1st) day of June and December in each year, beginning on December 1, 1993. The 1993 Bonds shall mature serially on December 1 in the years and substantially in accord with the schedule set forth on Exhibit A, with such changes thereto as are approved by the Controller.

All payments of interest on the 1993 Bonds shall be paid by check or draft mailed one business day prior to the interest payment date to the registered owners thereof as of the last day of the month preceding the interest payment date at the addresses as they appear on the registration books kept by the Registrar or at such other address as is provided to the Paying Agent (as defined below) in writing by such registered owner. All principal payments and premium, if any, on the 1993 Bonds shall be made upon surrender thereof at the principal corporate trust office of the Paying Agent in any coin or currency of the United States of America which on the date of such payment shall be legal tender for the payment of public and private debts.

Interest on 1993 Bonds shall be payable from the interest payment date to which interest has been paid next preceding the authentication date thereof unless such 1993 Bonds are authenticated after the fifteenth (15th) day of the month preceding an interest payment date and on or before such interest payment date in which case they shall bear interest from such interest payment date, or unless authenticated on or before the fifteenth (15th) day of the month immediately preceding the first interest payment date, in which case they shall bear interest from the original date, until the principal shall be fully paid.

The 1993 Bonds and any bonds ranking on a parity therewith, as to principal, premium and interest, shall be payable from and are hereby secured by an irrevocable pledge of and shall constitute a charge upon all the net revenues, herein defined as the gross revenues of the sewage works after deduction only for payment of the reasonable expenses of operation, repair and maintenance but not including depreciation and payments in lieu of taxes (the "net revenues"), of the sewage works of the City, which bonds constitute a first charge on said net revenues. The City shall not be obligated to pay said bonds or the interest or premium, if any, thereon except from the net revenues of the works, and said bonds shall not constitute an indebtedness of the City within the meaning of the provisions and limitations of the constitution of the State of Indiana.

Any 1993 Bonds issued under this Ordinance may be initially issued in temporary form exchangeable for definitive bonds. The temporary bonds may be printed, lithographed or typewritten, shall be of such denominations as may be determined by the Controller, shall be in fully registered form and may contain such reference to any of the provisions of this Ordinance as may be appropriate. If temporary bonds are issued, definitive bonds will

be executed and furnished without delay and thereupon the temporary bonds shall be surrendered for cancellation at the principal corporate trust office of the Registrar and the Registrar shall deliver in exchange for such temporary bonds an equal aggregate principal amount of definitive bonds of the same interest rates and maturities. Until so exchanged, the temporary bonds shall be entitled to the same benefits under this Ordinance as definitive bonds issued hereunder.

Each 1993 Bond shall be transferable or exchangeable only upon the books of the City kept for that purpose by the Registrar, by the registered owner thereof in person, or by his attorney duly authorized in writing, upon surrender of such 1993 Bond together with a written instrument of transfer or exchange satisfactory to the Registrar duly executed by the registered owner or his attorney duly authorized in writing, and thereupon a new fully registered bond or bonds in the same aggregate principal amount, and of the same maturity, shall be executed and delivered in the name of the transferee or transferees or the registered owner, as the case may be, in exchange therefor. The costs of such transfer or exchange shall be borne by the City. The City, Registrar and Paying Agent may treat and consider the persons in whose name such 1993 Bonds are registered as the absolute owners thereof for all purposes including for the purpose of receiving payment of, or on account of, the principal thereof and interest and premium, if any, due thereon.

In the event any 1993 Bond is mutilated, lost, stolen or destroyed, the City may execute and the Registrar may authenticate a new bond of like date, maturity and denomination as that mutilated, lost, stolen or destroyed, which new bond shall be marked in a manner to distinguish it from the bond for which it was issued, provided that, in the case of any mutilated bond, such mutilated bond shall first be surrendered to the Registrar, and in the case of any lost, stolen or destroyed bond there shall be first furnished to the Registrar evidence of such loss, theft or destruction satisfactory to the City and the Registrar, together with indemnity satisfactory to them. In the event any such bond shall have matured, instead of issuing a duplicate bond, the City and the Registrar may, upon receiving indemnity satisfactory to them, pay the same without surrender thereof. The City and the Registrar may charge the owner of such 1993 Bond with their reasonable fees and expenses in this connection. Any bond issued pursuant to this paragraph shall be deemed an original, substitute contractual obligation of the City, whether or not the lost, stolen or destroyed 1993 Bond shall be found at any time, and shall be entitled to all the benefits of this Ordinance, equally and proportionately with any and all other 1993 Bonds issued hereunder.

SECTION 3. Terms of Redemption. The 1993 Bonds maturing on or after December 1, 2002 are redeemable prior to maturity at the option of the City on December 1, 2001 or any date thereafter, on thirty (30) days' notice, in whole or in part, in any order of maturities selected by the City and by lot within a maturity, at 100% of face value, but without premium, plus accrued interest to the date fixed for redemption.

Notice of such redemption shall be mailed by first-class mail or by registered or certified mail to the address of each registered owner as shown on the registration record of the City not more than sixty (60) days and not less than thirty (30) days prior to the date fixed for redemption except to extent such redemption notice is waived by the owners of 1993 Bonds redeemed, provided, however, that failure to give such notice by mailing, or any defect therein, with respect to any 1993 Bond shall not affect the validity of any proceedings for the redemption of any other 1993 Bonds. The notice shall specify the date and place of redemption, the redemption price and the CUSIP numbers of the 1993 Bonds called for redemption. The place of redemption may be determined by the City. Interest on the 1993 Bonds so called for

redemption shall cease on the redemption date fixed in such notice if sufficient funds are available at the place of redemption to pay the redemption price on the date so named, and thereafter, such 1993 Bonds shall no longer be protected by this Ordinance and shall not be deemed to be outstanding hereunder, and the holders thereof shall have the right only to receive the redemption price.

All 1993 Bonds which have been redeemed shall be cancelled and shall not be reissued; provided, however, that one or more new registered bonds shall be issued for the unredeemed portion of any 1993 Bond without charge to the holder thereof.

Prior to the date fixed for redemption, funds shall be deposited with the Paying Agent to pay, and the Paying Agent is hereby authorized and directed to apply such funds to the payment of, the 1993 Bonds or portions thereof called for redemption, including accrued interest thereon to the redemption date. No payment shall be made by the Paying Agent upon any 1993 Bond or portion thereof called for redemption until such bond shall have been delivered for payment or cancellation or the Registrar shall have received the items required by this Ordinance with respect to any mutilated, lost, stolen or destroyed bond.

SECTION 4. Appointment of Registrar and Paying Agent. Norwest Bank Fort Wayne, N.A., in Fort Wayne, Indiana is hereby appointed to serve as registrar and paying agent for the 1993 Bonds ("Registrar" or "Paying Agent"). The Registrar is hereby charged with the responsibility of authenticating the 1993 Bonds, and shall keep and maintain at its principal corporate trust office books for the registration and transfer of the 1993 Bonds. The Mayor is hereby authorized to enter into such agreements or understandings with such institution as will enable the institution to perform the services required of the Registrar and Paying Agent. The Controller is authorized to pay such fees as the institution may charge for the services it provides as Registrar and Paying Agent, and such fees may be paid as fiscal agency charges from the Sewage Works Sinking Fund described herein to pay the principal of and interest on the 1993 Bonds.

The Registrar and Paying Agent may at any time resign as Registrar and Paying Agent by giving thirty (30) days written notice to the City and by first-class mail to each registered owner of the 1993 Bonds then outstanding, and such resignation will take effect at the end of such thirty (30) days or upon the earlier appointment of a successor Registrar and Paying Agent by the City. Such notice to the City may be served personally or be sent by registered mail. The Registrar and Paying Agent may be removed at any time as Registrar and Paying Agent by the City, in which event the City may appoint a successor Registrar and Paying Agent. The City shall notify each registered owner of the 1993 Bonds then outstanding by first-class mail of the removal of the Registrar and Paying Agent. Notices to registered owners of the 1993 Bonds shall be deemed to be given when mailed by first-class mail to the addresses of such registered owners as they appear on the bond register. Any predecessor Registrar and Paying Agent shall deliver all the 1993 Bonds and cash in its possession and the bond register to the successor Registrar and Paying Agent. At all times, the same entity shall serve as Registrar and as Paying Agent.

The provisions of this Section 4 are subject to the provisions of Section 22(h) to the extent Section 22(h) is applicable.

SECTION 5. Form of Bonds; Book-Entry Bonds. The form and tenor of the 1993 Bonds, shall be substantially as follows, all blanks to be filled in properly prior to delivery thereof:

(Form of Bond)

UNITED STATES OF AMERICA

STATE OF INDIANA

COUNTY OF ALLEN

CITY OF FORT WAYNE

SEWAGE WORKS REFUNDING REVENUE BOND OF 1993

Interest Rate	Maturity Date	Original Date	Authentication Date	CUSIP
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Registered Owner:

Principal Sum:

The City of Fort Wayne, in Allen County, State of Indiana, for value received, hereby promises to pay to the Registered Owner set forth above, solely out of the special fund hereinafter referred to, the Principal Sum set forth above on the Maturity Date set forth above (unless this bond be subject to and be called for redemption prior to maturity as hereinafter provided), and to pay interest thereon until the Principal Sum shall be fully paid at the Interest Rate per annum specified above from the interest payment date to which interest has been paid next preceding the Authentication Date of this bond unless this bond is authenticated after the fifteenth day of the month preceding an interest payment date and on or before such interest payment date in which case interest shall be paid from such interest payment date, or unless this bond is authenticated on or before November 15, 1993 in which case it shall bear interest from the Original Date, which interest is payable semi-annually on the first day of June and December of each year, beginning on December 1, 1993.

The principal of this bond is payable at the principal corporate trust office of Norwest Bank Fort Wayne, N.A., (the "Registrar" or "Paying Agent"), in Fort Wayne, Indiana. All payments of interest on this bond shall be paid by check or draft mailed one business day prior to the interest payment date to the registered owner hereof as of the fifteenth day of the month preceding the interest payment date at the address as it appears on the registration books kept by the Registrar or at such other address as is provided to the Paying Agent in writing by the registered owner. All payments of principal of this bond shall be made upon surrender thereof at the principal corporate trust office of the Paying Agent in any coin or currency of the United States of America which on the dates of such payment shall be legal tender for the payment of public and private debts.

This bond shall not constitute an indebtedness of the City of Fort Wayne within the meaning of the provisions and limitations of the constitution of the State of Indiana, and the City shall not be obligated to pay this bond or the interest thereon except from the special fund provided from the net revenues of the City's sewage works utility.

The terms and provisions of this bond are continued on the reverse side hereof and such terms and provisions

shall for all purposes have the same effect as though fully set forth at this place.

It is hereby certified and recited that all acts, conditions and things required to be done precedent to and in the preparation and complete execution, issuance and delivery of this bond have been done and performed in regular and due form as provided by law.

This bond shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been executed by an authorized representative of the Registrar.

IN WITNESS WHEREOF, the City of Fort Wayne, in Allen County, Indiana, has caused this bond to be executed in its corporate name by the manual or facsimile signatures of the Mayor and Controller, its corporate seal to be hereunto affixed, imprinted or impressed by any means and attested manually or by facsimile by its City Clerk.

CITY OF FORT WAYNE, INDIANA

(SEAL OF CITY)

By _____
Mayor

By _____
Controller

ATTEST:

City Clerk

(Form of Registrar's Certificate of Authentication)

It is hereby certified that this bond is one of the bonds described in the within-mentioned Ordinance duly authenticated by the Registrar.

NORWEST BANK FORT WAYNE, N.A.,
as Registrar

By _____
Authorized Representative

(To be printed on Reverse Side)

This bond is one of an authorized issue of bonds of the City of Fort Wayne, of like original date, tenor and effect, except as to denomination, numbering, interest rates, redemption terms and dates of maturity, in the total amount of _____ Dollars (\$_____), numbered from 1 up, issued for the purpose of providing funds to be applied on the cost of refunding the City's Sewage Works Revenue Bonds of 1986 and to pay incidental expenses, as authorized by Ordinance No. _____ adopted by the Common Council of the City of Fort Wayne on the 18th day of May, 1993, entitled "AN ORDINANCE concerning the issuance of revenue bonds to refund outstanding sewage works bonds of the City of Fort Wayne, the collection, segregation and distribution of the revenues of said works, the safeguarding of the interests of the owners of said revenue bonds, other

matters connected therewith, and repealing ordinances in conflict therewith," (the "Ordinance") and in strict compliance with the provisions of I.C. 5-1-5 and I.C. 8-1.5 and other applicable laws, as amended (collectively, the "Act").

Pursuant to the provisions of the Act and said Ordinance, the principal and interest of this bond and all other bonds of said issue and any bonds hereafter issued on a parity therewith are payable solely from the Sewage Works Sinking Fund to be provided from the net revenues (defined as the gross revenues of the sewage works of the City after deduction only for the payment of the reasonable expenses of operation, repair and maintenance but not including depreciation and payments in lieu of taxes). This bond and the issue of which it is a part, together with any parity bonds hereafter issued, constitute a first charge against said net revenues.

The City of Fort Wayne irrevocably pledges the entire net revenues of said sewage works to the prompt payment of the principal of and interest on the bonds authorized by the Ordinance, of which this is one, and any bonds ranking on a parity therewith, to the extent necessary for that purpose, and covenants that it will cause to be fixed, maintained and collected such rates and charges for service rendered by said works as are sufficient in each year for the payment of the proper and reasonable expenses of operation, repair and maintenance of said works and for the payment of the sums required to be paid into said Sewage Works Sinking Fund under the provisions of the Ordinance. In the event the City or the proper officers thereof shall fail or refuse to so fix, maintain and collect such rates or charges, or if there be a default in payment of the interest on or principal of this bond, the owner of this bond shall have all of the rights and remedies provided for under Indiana law.

The City of Fort Wayne further covenants that it will set aside and pay into its Sewage Works Sinking Fund a sufficient amount of the net revenues of said works to (a) pay the principal and interest payments on all bonds payable from the net revenues of the sewage works, as such principal and interest shall fall due, and (b) pay the necessary fiscal agency charges for paying all bonds and interest as required by the Ordinance. Such required payments shall constitute a first charge upon all the net revenues of said works.

The bonds of this issue maturing on or after December 1, 2002 are redeemable at the option of the City on December 1, 2001 or any date thereafter, on thirty (30) days' notice, in whole or in part, in any order of maturities selected by the City and by lot within a maturity, at 100% of face value, but without premium, plus accrued interest to the date fixed for redemption.

Notice of such redemption shall be mailed by first-class mail or by registered or certified mail not more than sixty (60) days and not less than thirty (30) days prior to the date fixed for redemption to the address of the Registered Owner as shown on the registration record of the City except to the extent such redemption notice is waived by the owners of the bond or bonds redeemed, provided, however, that failure to give such notice by mailing, or any defect therein, with respect to any bond shall not affect the validity of any proceedings for the redemption of any other bonds. The notice shall specify

the date and place of redemption, the redemption price and the CUSIP numbers of the bonds called for redemption. The place of redemption may be determined by the City. Interest on the bonds so called for redemption shall cease on the redemption date fixed in such notice if sufficient funds are available at the place of redemption to pay the redemption price on the date so named, and thereafter, such bonds shall no longer be protected by the Ordinance and shall not be deemed to be outstanding thereunder, and the holders thereof shall have the right only to receive the redemption price.

If this bond shall not be presented for payment on the date fixed therefor, the City may deposit in trust with the Paying Agent or another financial institution approved by the City, an amount sufficient to pay such bond, and thereafter the Registered Owner shall look only to the funds so deposited in trust with said financial institution for payment and the City shall have no further obligation or liability in respect thereto.

This bond is subject to defeasance prior to payment as provided in the Ordinance and the owner of this bond, by the acceptance hereof, hereby agrees to all the terms and provisions contained in the Ordinance.

This bond is transferable or exchangeable only upon the books of the City kept for that purpose at the office of the Registrar by the Registered Owner in person, or by his attorney duly authorized in writing, upon surrender of this bond together with a written instrument of transfer or exchange satisfactory to the Registrar duly executed by the Registered Owner or his attorney duly authorized in writing, and thereupon a new fully registered bond or bonds in the same aggregate principal amount, and of the same maturity, shall be executed and delivered in the name of the transferee or transferees or the Registered Owner, as the case may be, in exchange therefor. The City, any registrar and any paying agent for this bond may treat and consider the person in whose name this bond is registered as the absolute owner hereof for all purposes including for the purpose of receiving payment of, or on account of, the principal hereof and interest due hereon.

The bonds maturing in any one year are issuable only in fully registered form in the denomination of \$5,000 or any integral multiple thereof not exceeding the aggregate principal amount of the bonds maturing in such year.

STATEMENT OF INSURANCE

Financial Guaranty Insurance Company ("Financial Guaranty") has issued a policy containing the following provisions with respect to this bond and all other bonds of this issue, such policy being on file at the principal office of the Paying Agent:

Financial Guaranty hereby unconditionally and irrevocably agrees to pay for disbursement to the bondholders that portion of the principal of and interest on the bonds which is then due for payment and which the City shall have failed to provide. Due for payment means, with respect to the principal, the stated maturity date thereof and does not refer to any earlier date on which the payment of principal of the bonds is due by reason of call for redemption, acceleration or other advancement of maturity, and with respect to interest, the stated date for payment of such interest.

Upon receipt of telephonic or telegraphic notice, subsequently confirmed in writing, or written notice by registered or certified mail, from a bondholder or the Paying Agent to Financial Guaranty that the required payment of principal or interest has not been made by the City to the Paying Agent, Financial Guaranty on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with Citibank, N.A., or its successor as its agent (the "Fiscal Agent"), sufficient to make

the portion of such payment not paid by the City. Upon presentation to the Fiscal Agent of evidence satisfactory to it of the bondholder's right to receive such payment and any appropriate instruments of assignment required to vest all of such bondholder's right to such payment in Financial Guaranty, the Fiscal Agent will disburse such amount to the bondholder.

As used herein the term "bondholder" means the person other than the City who at the time of nonpayment of a bond is entitled under the terms of such bond to payment thereof.

The policy is non-cancellable for any reason.

FINANCIAL GUARANTY INSURANCE COMPANY

(Form of Assignment)

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto _____
(Please Print or Typewrite Name and Address) \$ _____
_____ principal amount (must be a multiple of \$5,000) of the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____, attorney to transfer the within bond on the books kept for the registration thereof with full power of substitution in the premises.

NOTICE: The signature to this assignment must correspond with the name as it appears on the face of the within bond in every particular, without alteration or enlargement or any change whatsoever.

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.

(End of Bond Form)

The 1993 Bonds shall initially be issued and held in book-entry form on the books of the central depository system, The Depository Trust Company, its successors, or any successor central depository system appointed by the City from time to time (the "Clearing Agency"), without physical distribution of bonds to the public. One definitive 1993 Bond of each maturity shall be

delivered to the Clearing Agency and held in its custody. The City and the Registrar and Paying Agent may, in connection herewith, do or perform or cause to be done or performed any acts or things not adverse to the rights of the holders of the 1993 Bonds as are necessary or appropriate to accomplish or recognize such book-entry form 1993 Bonds.

So long as the 1993 Bonds remain and are held in book-entry form on the books of a Clearing Agency, then (1) any such 1993 Bond may be registered upon the books kept by the Registrar in the name of such Clearing Agency, or any nominee thereof, including CEDE & Co., as nominee of The Depository Trust Company; (2) the Clearing Agency in whose name such 1993 Bond is so registered shall be, and the City and the Registrar and Paying Agent may deem and treat such Clearing Agency as, the absolute owner and holder of such 1993 Bond for all purposes of this Ordinance, including, without limitation, the receiving of payment of the principal of, premium, if any, and interest on such 1993 Bond, the receiving of notice and giving of consent; (3) neither the City nor the Registrar and Paying Agent shall have any responsibility or obligation hereunder to any direct or indirect participant, within the meaning of Section 17A of the Securities Exchange Act of 1934, as amended, of such Clearing Agency, or any person on behalf of which, or otherwise in respect of which, any such participant holds any interest in any 1993 Bond, including, without limitation, any responsibility or obligation hereunder to maintain accurate records of any interest in any 1993 Bond or any responsibility or obligation hereunder with respect to the receiving of payment of principal of, premium, if any, or interest on any 1993 Bonds, the receiving of notice or the giving of consent; and (4) the Clearing Agency is not required to present any 1993 Bond called for partial redemption prior to receiving payment so long as the Registrar and the Clearing Agency have agreed to the method for noting such partial redemption.

If the City receives notice from the Clearing Agency which is currently the registered owner of the 1993 Bonds to the effect that such Clearing Agency is unable or unwilling to discharge its responsibility as a Clearing Agency for the 1993 Bonds or the City elects to discontinue its use of such Clearing Agency as a Clearing Agency for the 1993 Bonds, then the City and Registrar and Paying Agent each shall do or perform or cause to be done or performed all acts or things, not adverse to the rights of the holders of the 1993 Bonds, as are necessary or appropriate to discontinue use of such Clearing Agency as a Clearing Agency for the 1993 Bonds and to transfer the ownership of each of the 1993 Bonds to such person or persons, including any other Clearing Agency, as the holders of the 1993 Bonds may direct in accordance with this Ordinance. Any expenses of such discontinuance and transfer, including expenses of printing new certificates to evidence the 1993 Bonds, shall be paid by the City.

So long as the 1993 Bonds remain and are held in book-entry form on the books of a Clearing Agency, the Registrar shall be entitled to request and rely upon a certificate or other written representation from the Clearing Agency or any participant or indirect participant with respect to the identity of any beneficial owner of 1993 Bonds as of a record date selected by the Registrar. For purposes of determining whether the consent, advice, direction or demand of a registered owner of a 1993 Bond has been obtained, the Registrar shall be entitled to treat the beneficial owners of the 1993 Bonds as the bondholders and any consent, request, direction, approval, objection or other instrument of such beneficial owner may be obtained in the fashion described in this Ordinance.

So long as the 1993 Bonds remain and are held in book-entry form on the books of The Depository Trust Company, the provisions of its standard form of Letter of Representations, if executed in connection with the issuance of the 1993 Bonds, as

amended and supplemented, or any successor agreement shall control on the matters set forth herein. The Registrar, by accepting the duties of Registrar under this Ordinance, agrees that it will undertake the duties of "Agent" set forth therein and that those duties to be undertaken by either the "Agent" or the "Issuer" in paragraphs 2, 3, 4 and 12 thereof shall be the responsibility of the Registrar. Further, so long as the 1993 Bonds remain and are held in book-entry form, the provisions of Section 5 of this Ordinance shall control over conflicting provisions in any other section of this Ordinance.

SECTION 6. Sale of Bonds. The Controller is hereby authorized and directed to have the 1993 Bonds prepared, and the Mayor, Controller and Clerk are hereby authorized and directed to execute the 1993 Bonds in substantially the form and the manner herein provided. The Controller is hereby authorized and directed to deliver the 1993 Bonds to the purchaser; thereupon, the Controller shall be authorized to receive from the purchaser the purchase price and take the purchaser's receipt for the 1993 Bonds. The amount to be collected by the Controller shall be the full amount which the purchaser has agreed to pay therefor, which shall be not less than 98.6% of the face value of the 1993 Bonds (exclusive of original issue discount) plus accrued interest to the date of delivery.

The Mayor is authorized to enter into a bond purchase contract in customary form with First Chicago Capital Markets, Inc., as bond purchaser, on behalf of the City. The entry by the City into the purchase contract and the execution of the purchase contract on behalf of the City by the Mayor in accordance with this Ordinance are hereby authorized and approved.

The 1993 Bonds, when fully paid for and delivered to the purchasers, shall be the binding special revenue obligations of the City, payable out of the net revenues of the City's sewage works to be set aside into the Sinking Fund as herein provided.

The opinion of Barnes & Thornburg, bond counsel, approving the legality of the 1993 Bonds, will be furnished to the purchasers at the expense of the City.

SECTION 7. Use of Bond Proceeds. The proceeds derived from the sale of the 1993 Bonds shall be and are hereby set aside for application on the cost of the Refunding.

The proceeds of the 1993 Bonds plus moneys on hand in connection with the Prior Bonds and which are available, if any, together with investment earnings thereon, to carry out the refunding of the Prior Bonds shall be deposited in escrow pursuant to the Escrow Agreement. The balance of the proceeds of the 1993 Bonds shall be used to pay costs of issuance of the 1993 Bonds and other incidental expenses. Accrued interest to the date of delivery shall be deposited in the Debt Service Account of the Sinking Fund described below and used to pay interest on the 1993 Bonds on the first interest payment date.

SECTION 8. Approval of Escrow Agreement. The Escrow Agreement shall be in substantially the form attached hereto as Exhibit B, with such changes therein as the Mayor approves as evidenced by his signature thereon. The moneys deposited pursuant to the Escrow Agreement to carry out the Refunding shall be held as cash or invested in direct obligations of, or obligations the principal and interest on which are unconditionally guaranteed by, the United States of America, and shall be irrevocably set aside and pledged for such purpose. The Mayor is hereby authorized to enter into the Escrow Agreement and the Controller is hereby authorized to pay the charges for the services of the Escrow Agent. The entry by the City into the Escrow Agreement and the execution of the Escrow Agreement on behalf of the City, and the taking of such other action and the execution of such other instruments as

are necessary to effect the Refunding, by the Mayor, Controller and Clerk in accordance with this Ordinance, are hereby authorized, approved and ratified. The proper officers of the City are hereby directed to draw all proper and necessary warrants, and to do whatever acts and things may be necessary to carry out the provisions of this Ordinance. First Chicago Capital Markets, Inc. is hereby authorized to take such actions as it deems appropriate with the approval of the Controller to carry out the Refunding if finally consummated, including the execution of documents necessary to make subscription to acquire appropriate securities to be held under the Escrow Agreement.

SECTION 9. Collection of Revenues; Funding Operation, Repair and Maintenance. The special fund designated "Sewage Works Sinking Fund" created by Ordinance No. 1939, adopted on July 26, 1938, and continued for the payment of the Outstanding Bonds, is hereby designated as the special fund for the payment of the interest on and principal of the Refunding Bonds authorized by this Bond Ordinance and the payment of any fiscal agency charges in connection with the payment of the Refunding Bonds and interest thereon. The Sewage Works Sinking Fund shall be continued until all of the bonds issued under said prior ordinances and this Bond Ordinance have been paid. There shall be set aside and paid into the Sewage Works Sinking Fund three business days prior to the first day of each calendar month, as available, or more often if necessary, a sufficient amount of the net revenues of said sewage works for the payment of (a) the interest on all bonds which by their terms are payable from the revenues of the sewage works, as such interest shall fall due; provided, however, that credit shall be given for interest payable on any Outstanding Bonds, so long as sufficient funds are available under the Escrow Agreement for the payment thereof, (b) the necessary fiscal agency charges for paying said bonds and interest, (c) the principal of all bonds which by their terms are payable from the revenues of the sewage works as they fall due; provided, however, that credit shall be given for principal payable on any Outstanding Bonds, so long as sufficient funds are available under the Escrow Agreement for the payment thereof, (d) an additional amount as a margin of safety, which margin, together with any unused surplus of such margin carried forward from the preceding year, shall equal not less than ten percent (10%) of all other amounts so required to be paid into the Sewage Works Sinking Fund and (e) any amounts necessary to maintain a balance in the Sewage Works Reserve Account equal to the Sewage Works Reserve Requirement. The term "net revenues" as used in this section shall be construed to mean the revenues for any calendar year after deduction only for the reasonable cost of operation, maintenance and repair. The monthly payments into the Sewage Works Sinking Fund shall be in an amount equal to at least one-twelfth (1/12) of the amount required for such payments during the then next succeeding twelve (12) calendar months and shall continue until such time as the Sewage Works Sinking Fund shall contain an amount sufficient to pay all of the bonds then outstanding, together with the interest thereon to the dates of maturity thereof. In addition to said required monthly payments into the Sewage Works Sinking Fund, all of the net revenues of said sewage works not used in making said required sinking fund payments shall be set aside and paid into the Sewage Works Sinking Fund monthly, as available, until there has been accumulated in the Sewage Works Sinking Fund, over and above said required payments but including the funded reserves and investment income thereon, an amount equal to the sum of the principal of and interest on all then outstanding bonds which will be payable during the then next succeeding twelve (12) calendar months. The Sewage Works Sinking Fund shall be maintained at such levels, and additional amounts of net revenues shall be deposited in the Sewage Works Sinking Fund to the extent necessary to maintain such levels.

In no event shall any part of the Sewage Works Sinking Fund be used in purchasing bonds, except to the extent that the amount then in the Sewage Works Sinking Fund (other than the Sewage

Works Reserve Account) exceeds the amount required to pay the principal of the bonds payable therefrom which will mature within a period of twelve (12) calendar months next following the date of such purchase, together with all interest on the bonds payable. Any such excess of funds above said required levels may be used in purchasing outstanding bonds at a price less than the applicable price at maturity, if first approved by the Board of Public Works and Safety. Moneys in the Sewage Works Sinking Fund shall not be used for any other purpose whatsoever except as provided in this Bond Ordinance.

If the City shall, for any reason, fail to pay into the Sewage Works Sinking Fund the full amount and at the respective times above stipulated, then an amount equivalent to such deficiency shall be set apart and paid into the Sewage Works Sinking Fund from the first available revenues and the same shall be in addition to the minimum amounts otherwise herein provided to be so set apart and paid.

Withdrawals shall be made from the Sewage Works Sinking Fund and remitted to the places of payment of the interest and principal to meet such payments when due.

The Sewage Works Sinking Fund, as aforesaid, shall be used solely and only and is hereby pledged for the purpose of paying principal of and interest on the bonds which by their terms are payable from said funds. Upon the delivery of said bonds and the receipt of the proceeds, all sums received as accrued interest and premium, if any shall be placed in the Sewage Works Sinking Fund.

SECTION 10. Sinking Fund for Bonds. In the event that all required payments into the Sewage Works Sinking Fund have been met to date and there has been accumulated as a reserve in said Sewage Works Sinking Fund, including the bond proceeds deposited, over and above said payments, an amount equal to the respective sums required by Section 12, and there has been accumulated an amount in a separate fund (the "Sewage Works Operation and Maintenance Fund") sufficient for operation, repair and maintenance of the work for the then next succeeding twelve (12) calendar months, and for depreciation, then any excess revenues of the works available may be placed in the Sewage Works Improvement Fund (the "Sewage Works Improvement Fund"). Moneys in the Sewage Works Improvement Fund may be used to pay the costs of improvements, betterments, extensions, enlargements and additions to the works. No revenues of the works shall be deposited in or credited to the Sewage Works Improvement Fund which will interfere with the requirements of the Sewage Works Sinking Fund, the accumulation of the required reserve therein, or with the requirements as to reserving funds for the operation, maintenance and repair of the works and for depreciation. All or any portion of the funds accumulated and reserved for operation, repair and maintenance for the then next succeeding twelve (12) calendar months in the Sewage Works Operation and Maintenance Fund shall be transferred to the Sewage Works Sinking Fund if necessary to prevent a default in the payment of principal of or interest on the bonds payable from the Sewage Works Sinking Fund.

SECTION 11. Funding Improvements to the Works and Payments in Lieu of Taxes. All revenues received on account of the sewage works shall be segregated and kept in a special fund separate and apart from all other funds of the City. Out of this fund the proper and reasonable expenses of operation, repair and maintenance of the works shall be paid and the requirements of the Sewage Works Sinking Fund shall be met. The City shall keep proper books of records and accounts, separate from all of its other records and accounts, in which complete and correct entries shall be made and showing (i) all revenues collected from said works and deposited in said fund, (ii) all disbursements made therefrom on account of the operation of the works, and to meet the requirements of the Sewage Works Sinking Fund, (iii) all other financial

transactions relating to said works, including the amounts set aside or credited to the Sewage Works Sinking Fund, the Sewage Works Operation and Maintenance Fund and the Sewage Works Improvement Fund, and (iv) the cash balance in each of said funds as of the close of the preceding fiscal year. There shall be prepared and furnished, upon written request, to the Original Purchaser of the Refunding Bonds, and to any Holder of the Refunding Bonds at the time then outstanding, not more than ninety (90) days after the close of each fiscal year, income and expense and balance sheet statements of the works, covering the preceding fiscal year, which annual statements shall be certified by the City Controller, or the person charged with the duty of auditing the books and records relating to said works, or by licensed independent public accountants employed for that purpose. Copies of all such statements and reports shall be kept on file in the office of the City Controller. Any Holder or Holders of the Refunding Bonds then outstanding shall have the right at all reasonable times to inspect the works and all records, accounts and data of the City relating thereto. Such inspections may be made by representatives duly authorized by written instrument.

SECTION 12. Investments. The moneys in any of such funds or accounts shall be invested in accordance with the laws of the State of Indiana relating to the depositing, holding, securing or investing of public funds, and in accordance with the arbitrage certificate delivered at the time of delivery of any bonds payable from such funds and accounts. Investments of amounts held in the Reserve Account shall have a term to maturity of not greater than ten (10) years.

All revenues derived from the operation of the sewage works and from the collection of sewage rates and charges and from the investment of moneys in the funds herein created shall be segregated and kept separate and apart from all other funds and accounts of the City. No moneys derived from the revenues of the sewage works (including investment income) shall be transferred to the general fund of the City or be used for any purpose not connected with the sewage works if such transfer or use would interfere with the flow of funds set forth herein.

Investment income from such funds and accounts shall, except as otherwise provided herein, be treated as revenues of the sewage works, and shall be used as provided in this Ordinance.

SECTION 13. Books and Records. The City shall keep proper books of records and accounts, separate from all of its other records and accounts, in which complete and correct entries shall be made showing all revenues collected from said works and deposited in said funds, all disbursements made therefrom on account of the operation of the works and to meet the requirements of the Sinking Fund, and all other transactions relating to said works, including the cash balances in each of the funds and accounts described herein as of the close of the preceding fiscal year. Upon written request, there shall be prepared and furnished to the original purchasers of the 1993 Bonds and to any subsequent owner of the bonds at the time then outstanding, not more than four (4) months after the close of each fiscal year, operating income and expense and balance sheet statements of the works, covering the preceding fiscal year, which annual statements shall be certified by the Controller, or the person charged with the duty of auditing the books and records relating to the works, or such statements may be prepared by an independent certified public accountant retained by the City for the purpose of preparing such statements. Copies of all such statements and reports shall be kept on file in the office of the Controller. Any owner or owners of the 1993 Bonds then outstanding shall have the right at all reasonable times to inspect the works and all records, accounts and data of the City relating thereto. Such inspections may be made by representatives duly authorized by written instrument.

SECTION 14. Rate Covenant. The City covenants and agrees that it will establish and maintain just and equitable rates or charges for the use of and the service rendered by said works, to be paid by the owner of each and every lot, parcel of real estate or building that is connected with and uses said sewage works by or through any part of the sewage system of the City, or that in any way uses or is served by such works; that such rates or charges shall be sufficient in each year for the payment of the proper and reasonable expenses of operation, repair and maintenance of the works, and for the payment of the sums required to be paid into the Sewage Works Sinking Fund by the Sewer Act, the Refunding Act and this Bond Ordinance; and that such rates or charges shall be sufficient in each year to produce net revenues, as defined in Section 12 of this Bond Ordinance, equal to 1.1 times the greater of the average annual debt service on the Refunding Bonds and all bonds on a parity therewith or the debt service payable during the next succeeding twelve calendar months on the Refunding Bonds and all bonds on a parity therewith. Such rates or charges shall, if necessary, be changed and readjusted from time to time so that the revenues therefrom shall always be sufficient to meet the expenses of operation, repair and maintenance, depreciation and the requirements of the Sewage Works Sinking Fund. The rates or charges so established shall apply to any and all use of such works by and service rendered to the City and all departments thereof, and shall be paid semi-annually by the City or the various departments thereof as the charges accrue.

SECTION 15. Defeasance. If, when the 1993 Bonds or any portion thereof shall have become due and payable in accordance with their terms or shall have been duly called for redemption or irrevocable instructions to call the 1993 Bonds or any portion thereof for redemption shall have been given, and the whole amount of the principal and the interest so due and payable upon all of such bonds or any portion thereof then outstanding shall be paid, or (i) cash, or (ii) direct non-callable obligations of (including obligations issued or held in book entry form on the books of) the Department of the Treasury of the United States of America, and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, to which direct obligation or guarantee the full faith and credit of the United States of America has been pledged, and to the extent permitted by Indiana law, Refcorp interest strips, CATS, TIGRS, STRPS, or defeased municipal bonds rated AAA by Standard & Poor's Corporation or Aaa by Moody's Investors Service (or any combination thereof), the principal of and the interest on which when due without reinvestment will provide sufficient moneys, or (iii) any combination of the foregoing, shall be held irrevocably in trust for such purpose, and provision shall also be made for paying all fees and expenses for the redemption, then and in that case the 1993 Bonds or any designated portion thereof issued hereunder shall no longer be deemed outstanding or entitled to the pledge of the net revenues of the City's sewage works.

SECTION 16. Additional Bonds. The City covenants that it will not issue any more bonds on a parity with the Outstanding Bonds and that it will not issue any variable rate bonds on a parity with the Refunding Bonds. The City reserves the right, however, to authorize and issue additional bonds, payable out of the revenues of its sewage works, ranking on a parity with the Refunding Bonds authorized by this Bond Ordinance, for the purpose of financing the cost of future additions, extensions and improvements to the sewage works, subject to the following conditions:

- (a) The interest on and principal of all bonds payable from the revenues of the sewage works shall have been paid to date in accordance with the terms thereof.

(b) As of the date of issuance of such additional bonds, the balance in the Sewage Works Sinking Fund shall equal not less than the Sewage Works Reserve Requirement calculated to include principal and interest requirements on the Refunding Bonds, any then outstanding parity bonds and the additional parity bonds proposed to be issued.

(c) The net revenues of the sewage works in the fiscal year immediately preceding the issuance of any such bonds ranking on a parity with the Refunding Bonds authorized by this Bond Ordinance shall be not less than one hundred twenty percent (120%) of the maximum annual interest and principal requirements of the then outstanding Refunding Bonds, any then outstanding parity bonds and the additional parity bonds proposed to be issued; or, prior to the issuance of said parity bonds, the sewage rates and charges shall be increased sufficiently so that said increased rates and charges applied to the previous fiscal year's operations would have produced net operating revenues for said year equal to not less than one hundred twenty percent (120%) of the maximum annual interest and principal requirements of the then outstanding Refunding Bonds, any then outstanding parity bonds and the additional parity bonds proposed to be issued; provided, however, that in any year in which the final maturity of a series of bonds occurs, annual interest and principal requirements may be reduced for the purposes of this subsection by the balance in the Sewage Works Reserve Account allocable thereto. For purposes of this subsection, the records of the sewage works shall be analyzed and all showings shall be prepared by a certified public accountant employed by the City for that purpose, who shall certify that he has no pecuniary interest in said additions, extensions or improvements or the financing thereof in any way whatsoever other than to analyze the records of said sewage works and to prepare said showings.

(d) The principal of said additional parity bonds shall be payable on August 1 and the interest on said additional parity bonds shall be payable semi-annually on February 1 and August 1 in the years in which such principal and interest are payable.

(e) Any term bonds issued on a parity with the Refunding Bonds shall have sinking fund amortization such that the principal and interest due on the Refunding Bonds, any then outstanding parity bonds and the additional parity bonds proposed to be issued is substantially level over the term of all such parity bonds.

SECTION 17. Additional Covenants of the City. For the purpose of further safeguarding the interests of the holders of the 1993 Bonds, it is specifically provided as follows:

(a) The City shall at all times maintain its sewage works in good condition and operate the same in an efficient manner and at a reasonable cost.

(b) So long as any of the 1993 Bonds are outstanding, the City shall maintain insurance on the insurable parts of said works of a kind and in an amount such as would normally be carried by private companies engaged in a similar type of business. All insurance shall be placed with responsible insurance companies qualified to do business under the laws of the State of Indiana. In addition to or in lieu of the foregoing, the City may provide for coverage on all or part of the works comparable to that described above through a self-insurance program. Insurance proceeds shall be used in replacing or repairing the property destroyed or damaged; or if not used for that purpose shall be treated and applied as net revenues of the works.

(c) So long as any of the 1993 Bonds are outstanding, the City shall not mortgage, pledge or otherwise encumber such works, or any part thereof, nor shall it sell, lease or otherwise dispose of any portion thereof except replaced equipment which may become worn out or obsolete or other property not required for proper operation and maintenance of the works.

(d) Except as provided in Section 16 hereof, so long as any of the 1993 Bonds are outstanding, no additional bonds or other obligations pledging any portion of the revenues of the sewage works shall be authorized, executed, or issued by the City except such as shall be made subordinate and junior in all respects to the 1993 Bonds, unless all of the 1993 Bonds are redeemed, retired, or defeased coincidentally with the delivery of such additional bonds or other obligations.

(e) The City shall take all action or proceedings necessary and proper to require connection of all property where liquid and solid waste, sewage, night soil, or industrial waste is produced with available sanitary sewers. The City shall, insofar as possible, cause all such sanitary sewers to be connected with the sewage works.

(f) This Ordinance shall not be repealed or amended in any respect which will adversely affect the rights of the owners of any 1993 Bonds, nor shall the Common Council adopt any law, ordinance or resolution which in any way adversely affects the rights of such owners so long as any of said bonds or the interest thereon remain unpaid.

(g) The provisions of this Ordinance shall be construed to create a trust in the proceeds of the sale of the 1993 Bonds for the uses and purposes herein set forth. The provisions of this Ordinance shall also be construed to create a trust in the portion of the net revenues herein directed to be set apart and paid into the Sinking Fund and for the uses and purposes of said Fund as set forth in this Ordinance. The owners of the 1993 Bonds shall have all of the rights, remedies and privileges set forth under the Act in the event of default in the payment of the principal of or interest on any of the 1993 Bonds or in the event of default with respect to any of the provisions of this Ordinance or the Act.

SECTION 18. Tax Covenants. In order to preserve the exclusion of interest on the 1993 Bonds from gross income for federal income tax purposes and as an inducement to purchasers of the 1993 Bonds, the City represents, covenants and agrees that:

(a) No person or entity, other than the City or another state or local governmental unit, will use

proceeds of the 1993 Bonds or property financed by the 1993 Bond proceeds other than as a member of the general public. No person or entity other than the City or another state or local governmental unit will own property financed by 1993 Bond proceeds or will have actual or beneficial use of such property pursuant to a lease, a management or incentive payment contract, an arrangement such as take-or-pay or output contract, or any other type of arrangement that differentiates that person's or entity's use of such property from the use by the public at large.

(b) No 1993 Bond proceeds will be loaned to any entity or person other than a state or local governmental unit. No 1993 Bond proceeds will be transferred, directly or indirectly, or deemed transferred to a non-governmental person in any manner that would in substance constitute a loan of the 1993 Bond proceeds.

(c) The City will not take any action or fail to take any action with respect to the 1993 Bonds that would result in the loss of the exclusion from gross income for federal income tax purposes of interest on the 1993 Bonds pursuant to Section 103 of the Internal Revenue Code of 1986 as in effect on the date of issuance of the 1993 Bonds (the "Code"), including, without limitation, the taking of such action as is necessary to rebate or cause to be rebated arbitrage profits on 1993 Bond proceeds or other monies treated as 1993 Bond proceeds to the federal government as provided in Section 148 of the Code, and will set aside such monies, which may be paid from investment income on funds and accounts, in trust for such purposes.

(d) The City will file an information report Form 8038-G with the Internal Revenue Service as required by Section 149 of the Code.

(e) The City will not make any investment or do any other act or thing during the period that any 1993 Bond is outstanding hereunder which would cause any 1993 Bond to be an "arbitrage bond" within the meaning of Section 148 of the Code and the regulations applicable thereto as in effect on the date of delivery of the 1993 Bonds.

The City will not take any action or fail to take any action with respect to the 1993 Bonds that would result in the loss of the exclusion from gross income for federal income tax purposes of interest on the 1993 Bonds pursuant to Section 103(a) of the Code, and the City will not act in any manner which would adversely affect such exclusion.

Notwithstanding any other provisions of this Ordinance, the foregoing covenants and authorizations (the "Tax Sections") which are designed to preserve the exclusion of interest on the 1993 Bonds from gross income under federal income tax law (the "Tax Exemption") need not be complied with if the City receives an opinion of nationally recognized bond counsel that any Tax Section is unnecessary to preserve the Tax Exemption.

SECTION 19. Amendments. Subject to the terms and provisions contained in this section, and not otherwise, the owners of not less than sixty-six and two-thirds per cent (66-2/3%) in aggregate principal amount of the 1993 Bonds then outstanding shall have the right, from time to time, anything contained in this Ordinance to the contrary notwithstanding, to consent to and approve the adoption by the City of such ordinance or ordinances supplemental hereto as shall be deemed necessary or desirable by the City for the purpose of modifying, altering, amending, adding to or rescinding in any particular any of the terms or provisions

contained in this Ordinance, or in any supplemental ordinance; provided, however, that nothing herein contained shall permit or be construed as permitting:

(a) An extension of the maturity of the principal of or interest or premium, if any, on any 1993 Bond or an advancement of the earliest redemption date on any 1993 Bond; or

(b) A reduction in the principal amount of any 1993 Bond or the redemption premium or the rate of interest thereon, or a change in the monetary medium in which such amounts are payable; or

(c) The creation of a lien upon or a pledge of the revenues of the sewage works ranking prior to the pledge thereof created by this Ordinance; or

(d) A preference or priority of any 1993 Bond or Bonds over any other 1993 Bond or Bonds; or

(e) A reduction in the aggregate principal amount of the 1993 Bonds required for consent to such supplemental ordinance.

If the City shall desire to obtain any such consent, it shall cause the Registrar to mail a notice, postage prepaid, to the addresses appearing on the registration books held by the Registrar. Such notice shall briefly set forth the nature of the proposed supplemental ordinance and shall state that a copy thereof is on file at the office of the Registrar for inspection by all owners of the 1993 Bonds. The Registrar shall not, however, be subject to any liability to any owners of the 1993 Bonds by reason of its failure to mail such notice, and any such failure shall not affect the validity of such supplemental ordinance when consented to and approved as herein provided.

Whenever at any time within one year after the date of the mailing of such notice, the City shall receive any instrument or instruments purporting to be executed by the owners of the 1993 Bonds of not less than sixty-six and two-thirds per cent (66-2/3%) in aggregate principal amount of the 1993 Bonds then outstanding, which instrument or instruments shall refer to the proposed supplemental ordinance described in such notice, and shall specifically consent to and approve the adoption thereof in substantially the form of the copy thereof referred to in such notice as on file with the Registrar, thereupon, but not otherwise, the City may adopt such supplemental ordinance in substantially such form, without liability or responsibility to any owners of the 1993 Bonds, whether or not such owners shall have consented thereto.

No owner of any 1993 Bond shall have any right to object to the adoption of such supplemental ordinance or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the adoption thereof, or to enjoin or restrain the City or its officers from adopting the same, or from taking any action pursuant to the provisions thereof. Upon the adoption of any supplemental ordinance pursuant to the provisions of this section, this Ordinance shall be, and shall be deemed, modified and amended in accordance therewith, and the respective rights, duties and obligations under this Ordinance of the City and all owners of 1993 Bonds then outstanding, shall thereafter be determined exercised and enforced in accordance with this Ordinance, subject in all respects to such modifications and amendments. Notwithstanding anything contained in the foregoing provisions of this Ordinance, the rights and obligations of the City and of the owners of the 1993 Bonds, and the terms and provisions of the 1993 Bonds and this Ordinance, or any supplemental ordinance, may be modified or

altered in any respect with the consent of the City and the consent of the owners of all the 1993 Bonds then outstanding.

Without notice to or consent of the owners of the 1993 Bonds, the City may, from time to time and at any time, adopt such ordinances supplemental hereto as shall not be inconsistent with the terms and provisions hereof (which supplemental ordinances shall thereafter form a part hereof),

(a) to cure any ambiguity or formal defect or omission in this Ordinance or in any supplemental ordinance; or

(b) to grant to or confer upon the owners of the 1993 Bonds any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the owners of the 1993 Bonds; or

(c) to procure a rating on the 1993 Bonds from a nationally recognized securities rating agency designated in such supplemental ordinance, if such supplemental ordinance will not adversely effect the owners of the 1993 Bonds; or

(d) to make any other change which is not to the prejudice of the owners of the 1993 Bonds; or

(e) to provide for the refunding or advance refunding of the 1993 Bonds.

To the extent applicable, any supplemental ordinance shall be subject to the requirements of Section 22(b).

SECTION 20. Defaults. In the event available moneys hereunder, subject to the restrictions on use of money held under this Ordinance as set forth herein, are insufficient to pay debt service on all bonds payable from the revenues of the sewage works when due, available moneys shall be applied, after payment of all costs and expenses associated therewith, to the 1993 Bonds and any additional bonds issued in accord with Section 16 hereof (together, "Parity Bonds") as follows:

First - To the payment to the persons entitled thereto of all installments of interest then due, including interest on any past due principal at the rate borne by such bond, in the order of the maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment, then to such payment ratably, according to the amounts due on such installments, to the persons entitled thereto, without any discrimination or privilege; and

Second - To the payment to the persons entitled thereto of the unpaid principal of and premium on any of such bonds which shall have become due either at maturity or pursuant to a call for redemption (other than bonds called for redemption for the payment of which other moneys are held), in the order of their due dates, and, if the amount available shall not be sufficient to pay in full the amounts due on any particular date, then to such payment ratably, according to the amount due on such date, to the persons entitled thereto without any discrimination or privilege.

During the continuance of any default in the payment of either principal of or interest or premium on any 1993 Bond or other Parity Bond, no payment shall be made with respect to any subordinate and junior bonds issued in accord with Section 17(d) hereof ("Junior Bonds"). Moneys available for payment to holders

of Junior Bonds shall, in the event of an insufficient amount being available to pay all debt service with respect to the Junior Bonds when due, be applied to the Junior Bonds in accordance with the sequence and other terms set forth above with respect to payments regarding Parity Bonds unless otherwise provided in the ordinance authorizing the Junior Bonds.

SECTION 21. Approval of Official Statement. The distribution of the preliminary official statement with respect to the 1993 Bonds, substantially in the form presented to this meeting, with such changes and modifications as may be authorized by the Mayor, as evidenced by his signature thereon, is hereby authorized, approved and ratified, and this Council hereby deems final said official statement, as of its date, in accordance with the provisions of Rule 15c2-12 of the Securities and Exchange Commission, subject to completion as permitted by said Rule, and the Common Council further authorizes the distribution of the deemed final official statement, and the execution, delivery and distribution of such document as further modified and amended in the form of a final official statement.

SECTION 22. Provisions Regarding Bond Insurance. The provisions of this Section shall apply with respect to any 1993 Bonds owned or insured by the Bond Insurer (as defined below) except to the extent waived in writing by the Bond Insurer.

(a) Definitions. The terms:

"Bond Insurer" shall mean Financial Guaranty Insurance Company, a New York stock insurance company, or any successor thereto.

"Bond Insurance Policy" shall mean the municipal bond new issue insurance policy issued by the Bond Insurer that guarantees payment of principal of and interest on the 1993 Bonds.

(b) Consent of Bond Insurer to Amendments Required. Any amendment or supplement to this Ordinance shall be subject to the prior written consent of the Bond Insurer. Any rating agency rating the 1993 Bonds must receive notice of each amendment or supplement and a copy thereof at least fifteen (15) days in advance of its execution or adoption.

(c) Notices. The City shall furnish to the Bond Insurer:

(1) Within 120 days after the end of the City's fiscal year, budget for the new year; latest annual audited financial statements; a statement of the amount on deposit in the Reserve Account as of the last valuation (as described in (d) below); if not presented in the audited financial statements, a statement of the net revenues pledged to payment of 1993 Bonds in such fiscal year; the number of system users as of the end of the fiscal year; notification of the withdrawal of any system user comprising 4% or more of system sales measured in terms of revenue dollars since the last reporting date; and any significant plant retirements or expansions planned or undertaken since the last reporting date;

(2) Official statement or other disclosure, if any, prepared in connection with the issuance of additional bonds, whether or not issued on a parity with the 1993 Bonds, within 30 days after the sale thereof;

(3) Notice of any draw upon the Reserve Account, or any deficiency as of the latest valuation due to market

fluctuation in the amount on deposit in the Reserve Account;

(4) Notice of the redemption of any of the 1993 Bonds, including the principal amount, maturities and CUSIP numbers thereof; and

(5) Such additional information as the Bond Insurer may reasonably request from time to time.

(d) Valuation of Reserve Account and Depreciation Fund.

(1) Within ninety (90) days after the end of each fiscal year, amounts held in the Reserve Account shall be valued at the lesser of cost or the market value thereof. If the market valuation is less than nine percent (90%) of the Reserve Requirement, the deficiency shall be restored within twelve (12) months from the date of the valuation (i) in twelve (12) substantially equal monthly deposits from the next available net revenues after required deposits to the Debt Service Account, and/or (ii) from revaluation of investments at the market value thereof, exclusive of accrued interest.

The value of such investments shall be determined as follows:

- (A) as to investments the bid and asked prices of which are published on a regular basis in The Wall Street Journal (or, if not there, then in The New York Times): the average of the bid and asked prices for such investments so published on or most recently prior to the time of determination;
- (B) as to investments the bid and asked prices of which are not published on a regular basis in The Wall Street Journal or The New York Times: the average bid price at the time of determination for such investments by any two nationally recognized government securities dealers (selected by the Paying Agent in its absolute discretion) at the time making a market in such investments or the bid price published by a nationally recognized pricing service;
- (C) as to certificates of deposit and bankers acceptances: the face amount thereof, plus accrued interest; and
- (D) as to any investment not specified above: the value thereof established by prior agreement between the City and the Bond Insurer.

(2) Notwithstanding anything in Section 11 to the contrary, the balance in the Depreciation Fund shall be at least equal to \$1,000,000 within three (3) years from the date of issuance of the 1993 Bonds. Thereafter, in the event moneys are withdrawn from the Depreciation Fund leaving a balance therein of less than \$1,000,000, valued at the lower of cost or the market value thereof, then such deficiency under \$1,000,000 shall be restored within eighteen (18) months from available net revenues after required deposits to the Sinking Fund.

(e) Defeasance and Redemption Provisions. Notwithstanding anything herein to the contrary, in the event that the principal and/or interest due on the 1993

Bonds shall be paid by the Bond Insurer pursuant to the Bond Insurance Policy, the 1993 Bonds shall remain outstanding for all purposes (including for purposes of Section 15 hereof), not be defeased or otherwise satisfied and not be considered paid by the City, and the pledge of security for the 1993 Bonds herein and all covenants, agreements and other obligations of the City to the registered owners of 1993 Bonds shall continue to exist and shall run to the benefit of the Bond Insurer, and the Bond Insurer shall be subrogated to the rights of such registered owners.

In the event of an advance refunding, the City shall cause to be delivered a verification report of an independent nationally recognized certified public accountant.

(f) Conditions to Issuance of Additional Bonds. Notwithstanding satisfaction of other conditions to the issuance of additional bonds contained in Section 16 of this Ordinance, no such issuance may occur should any default hereunder have occurred and be continuing.

Additional parity bonds may be issued upon demonstration that net revenues, as certified by an independent firm of certified public accountants, equalled at least (i) 120% of maximum annual debt service on all outstanding bonds and proposed parity bonds and (ii) 100% of maximum annual debt service on all outstanding subordinate debt, in each case for a period of twelve (12) consecutive months during the eighteen (18) month period immediately preceding the proposed issuance date. For this purpose, net revenues may be adjusted to give effect to the following:

(1) Rates that went into effect prior to the issuance of the proposed bonds, as if they were in effect for the entire twelve (12) month test period;

(2) New customers which consist of existing residential, commercial and industrial dwellings that were connected to the works prior to the issuance of the proposed bonds, as if such customers had been connected to the works for the entire twelve (12) month test period;

(3) The acquisition of a surrounding system prior to the issuance of the proposed bonds or a system that will be acquired with the issuance of the proposed bonds; and

(4) Long-term wholesale contracts entered into prior to the issuance of the proposed bonds which have a service agreement that extends beyond the final maturity of the proposed bonds to be issued.

Furthermore, additional parity bonds may be issued only if, as of the time of issuance of the additional parity bonds, the balance in the Reserve Account shall be at least equal to the Reserve Requirement for the 1993 Bonds and all bonds ranking on a parity therewith, including the newly issued parity bonds, provided, this condition shall be deemed satisfied if any required amount is to be provided from the proceeds of the newly issued parity bonds or other funds of the City.

(g) Payment Procedure. As long as the Bond Insurance Policy shall be in full force and effect, the City and any Paying Agent agree to comply with the following provisions:

(i) If, on the third day preceding any interest payment date for the 1993 Bonds, there is not on deposit with the Registrar sufficient moneys available to pay all principal of and interest on the 1993 Bonds due on such date, the Registrar shall immediately notify the Bond Insurer and Citibank, N.A., New York, New York or its successor as its Fiscal Agent (the "Fiscal Agent") of the amount of such deficiency. If, by said interest payment date, the City has not provided the amount of such deficiency, the Registrar shall simultaneously make available to the Bond Insurer and to the Fiscal Agent the registration books for the 1993 Bonds maintained by the Registrar. In addition:

- (A) The Registrar shall provide the Bond Insurer with a list of the bondholders entitled to receive principal or interest payments from the Bond Insurer under the terms of the Bond Insurance Policy and shall make arrangements for the Bond Insurer and its Fiscal Agent (1) to mail checks or drafts to bondholders entitled to receive full or partial interest payments from the Bond Insurer and (2) to pay principal of the 1993 Bonds surrendered to the Fiscal Agent by the bondholders entitled to receive full or partial principal payments from the Bond Insurer; and
- (B) The Registrar shall, at the time it makes the registration books available to the Bond Insurer pursuant to (A) above, notify bondholders entitled to receive the payment of principal of or interest on the 1993 Bonds from the Bond Insurer (1) as to the fact of such entitlement, (2) that the Bond Insurer will remit to them all or part of the interest payments coming due subject to the terms of the Bond Insurance Policy, (3) that, except as provided in paragraph (ii) below, in the event that any bondholder is entitled to receive full payment of principal from the Bond Insurer, such bondholder must tender his 1993 Bond with the instrument of transfer in the form provided on such 1993 Bond executed in the name of the Bond Insurer, and (4) that, except as provided in paragraph (ii) below, in the event that such bondholder is entitled to receive partial payment of principal from the Bond Insurer, such bondholder must tender such 1993 Bond for payment first to the Registrar, which shall note on such 1993 Bond the portion of principal paid by the Registrar, and then, with an acceptable form of assignment executed in the name of the Bond Insurer, to the Fiscal Agent, which will then pay the unpaid portion of principal to the bondholder subject to the terms of the Bond Insurance Policy.

(ii) In the event that the Registrar has notice that any payment of principal of or interest on a 1993 Bond has been recovered from a bondholder pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, nonappealable order of a court having competent jurisdiction, the Registrar shall, at the time it provides notice to the Bond Insurer, notify all bondholders that in the event that any bondholder's payment is so recovered, such bondholder will be entitled to payment from the Bond Insurer to the extent of such recovery, and the Registrar shall furnish to the Bond Insurer its records evidencing the payments of principal of and interest on the 1993 Bonds which have been made by the Registrar and subsequently recovered from bondholders, and the dates on which such payments were made.

(iii) The Bond Insurer shall, to the extent it makes payment of principal of or interest on the 1993 Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Bond Insurance Policy and, to evidence such subrogation, (1) in the case of subrogation as to claims for past due interest, the Registrar shall note the Bond Insurer's rights as subrogee on the registration books maintained by the Registrar upon receipt from the Bond Insurer of proof of the payment of interest thereon to the bondholders of such 1993 Bonds and (2) in the case of subrogation as to claims for past due principal, the Registrar shall note the Bond Insurer's rights as subrogee on the registration books for the 1993 Bonds maintained by the Registrar upon receipt of proof of the payment of principal thereof to the holders of such 1993 Bonds. Notwithstanding anything in this Ordinance or the 1993 Bonds to the contrary, the Registrar shall make payment of such past due interest and past due principal directly to the Bond Insurer to the extent that the Bond Insurer is a subrogee with respect thereto.

(h) Paying Agent Provisions. Notwithstanding any other provision of this Ordinance, no removal or resignation of the Paying Agent shall take effect until a successor has been appointed and has accepted the duties of Paying Agent. The Bond Insurer shall be furnished with written notice of the resignation or removal of the Paying Agent and the appointment of any successor thereto.

(i) Interested Parties. To the extent that this Ordinance confers upon or gives or grants to the Bond Insurer any right, remedy or claim under or by reason of this Ordinance, the Bond Insurer is hereby explicitly recognized as being a third-party beneficiary hereunder and may enforce any such right, remedy or claim conferred, given or granted hereunder.

Nothing in this Ordinance expressed or implied is intended or shall be construed to confer upon, or to give or grant to, any person or entity, other than the City, the Bond Insurer, the Registrar and Paying Agent and the registered owners of the 1993 Bonds, any right, remedy or claim under or by reason of this Ordinance or any covenant, condition or stipulation hereunder, and all covenants, stipulations, promises and agreements in this Ordinance contained by and on behalf of the City shall be for the sole and exclusive benefit of the City, the Bond Insurer, the Registrar and Paying Agent and the registered owners of the 1993 Bonds.

(j) Notices. The notice addresses for the Bond Insurer and the Fiscal Agent are as follows:

Financial Guaranty Insurance Company
115 Broadway
New York, New York 10006
Attention: Managing Counsel

Citibank, N.A.
20 Exchange Place - 16th Floor
New York, New York 10005
Attention: Municipal Trust and Agency Services
Administration

SECTION 23. No Conflict. Except as described in Section 26 below, all ordinances and parts of ordinances in conflict herewith are hereby repealed.

SECTION 24. Severability. If any section, paragraph or provision of this Ordinance shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this Ordinance.

SECTION 25. Holidays, Etc. If the date of making any payment or the last date for performance of any act or the exercising of any right, as provided in this Ordinance, shall be a legal holiday or a day on which banking institutions in the City or the city in which the Registrar or Paying Agent is located are typically closed or on which the Fiscal Agent is authorized by law to remain closed, such payment may be made or act performed or right exercised on the next succeeding day not a legal holiday or a day on which such banking institutions are typically closed or on which the Fiscal Agent is authorized by law to remain closed, with the same force and effect as if done on the nominal date provided in this Ordinance, and no interest shall accrue for the period after such nominal date.

SECTION 26. Effectiveness. This Ordinance shall be in full force and effect from and after its passage, provided, the provisions of the ordinance pursuant to which the Prior Bonds were issued shall remain in effect and shall supercede the provisions of this Ordinance in the event of any conflict with this Ordinance until such time as the Prior Bonds are paid or defeased in the manner set forth in said ordinance.

C R Edwards
Councilmember

APPROVED AS TO FORM
AND LEGALITY

J. Timothy McCaulay
J. Timothy McCaulay
City Attorney

EXHIBIT A
Maturity Schedule

<u>Year</u>	<u>Amount</u>
-------------	---------------

EXHIBIT B

ESCROW AGREEMENT

Dated as of _____, 1993
Between
NORWEST BANK FORT WAYNE, N.A.
and
CITY OF FORT WAYNE, INDIANA

THIS ESCROW AGREEMENT (the "Escrow Agreement") is made and entered into as of _____, 1993, by and between the CITY OF FORT WAYNE, INDIANA (the "City" or "Issuer"), and Norwest Bank Fort Wayne, N.A., a banking corporation organized under the laws of the United States (the "Escrow Agent").

RECITALS

WHEREAS, the City has outstanding certain Sewage Works Improvement Revenue Bonds (the "1959 Bonds") in the amount of _____ (\$_____) maturing on August 1, in the years 1986 to 1990, inclusive, which bonds constitute a first charge upon the net revenues of the sewage works; and

WHEREAS, the City also has outstanding certain Sewage Works Improvement Revenue Bonds of 1961 (the "1961 Bonds") in the amount of _____ (\$_____) maturing on August 1 in the years 1986 to 1993, inclusive, which bonds constitute a first charge upon the net revenues of the sewage works and are on a parity with the 1959 Bonds; and

WHEREAS, the City also has outstanding certain Sewage Works Improvement Revenue Bonds of 1970 (the "1970 Bonds"), maturing on August 1 in the years 1986 to 1995, inclusive, which bonds constitute a first charge upon the net revenues of the sewage works and are on a parity with the 1959 Bonds and the 1961 Bonds; and

WHEREAS, the City also has outstanding certain Sewage Works Improvement Revenue Bonds of 1975 (the "1975 Bonds"), in the amount of _____ (\$_____) maturing on August 1 in the years 1986 to 1997, inclusive, which bonds constitute a first charge upon the net revenues of the sewage works and are on a parity with the 1959 Bonds, the 1961 Bonds and the 1970 Bonds; and

WHEREAS, the City also has outstanding certain Sewage Works Revenue Bonds of 1982 (the "1982A Bonds") in the amount of _____ (\$_____) maturing on August 1 in the years 1996 to 2000, inclusive, which bonds constitute a first charge upon the net revenues of the sewage works and are on a parity with the 1959 Bonds, the 1961 Bonds, the 1970 Bonds and the 1975 Bonds; and

WHEREAS, the City also has outstanding certain Sewer Connection Revenue Bonds of 1982 (the "1982B Bonds") in the amount of _____ (\$_____) maturing on August 1 in the years 1985 to 1998, inclusive, which bonds constitute a first charge upon the net revenues of the sewage works and are on a parity with the 1959 Bonds, the 1961 Bonds, the 1970 Bonds, the 1975 Bonds and the 1982A Bonds (collectively, the "Refunded Bonds"); and

WHEREAS, the City also has outstanding certain Sewer Works Revenue Refunding Bonds (the "1985 Refunding Bonds") in the amount of _____ (\$_____) maturing February 1 and August 1 of each year from 1989 through 2000 and on August 1, 2005, which bonds constitute a second charge upon the net revenues of the sewage works and are junior to the Refunded Bonds; and

WHEREAS, the City also has outstanding certain Sewage Works Revenue Bonds of 1986 (the "1986 Bonds" or "Prior Bonds") in

the amount of _____ (\$ _____) maturing January 1 of each year from 1989 through 1999, which bonds constitute a third charge upon the net revenues of the sewage works and are junior to the Refunded Bonds and the Refunding Bonds; and

WHEREAS, concurrently with the execution of this Escrow Agreement, the Issuer has executed, issued and delivered refunding bonds, designated as "City of Fort Wayne Sewage Works Refunding Revenue Bonds of 1993", in the aggregate principal amount of \$ _____ (the "Refunding Bonds"), the proceeds of which will be used to defease and advance refund the Prior Bonds and pay costs of issuance of the Refunding Bonds and incidental expenses.

NOW, THEREFORE, in consideration of the premises, the covenants and agreements hereinafter contained, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is agreed by and among the parties hereto as follows:

Section 1. There is hereby established and created with the Escrow Agent the following irrevocable trust account (the "Escrow Account") for the benefit of the holders and registered owners of the Prior Bonds designated:

"City of Fort Wayne Sewage Works Refunding Revenue Bond Escrow Account of 1993".

Section 2. The Issuer hereby deposits with the Escrow Agent, and the Escrow Agent hereby acknowledges receipt of, the sum of \$ _____ in immediately available funds and obligations funded from proceeds from the sale of the Refunding Bonds and certain moneys held in connection with the Prior Bonds. The Escrow Agent shall deposit such funds in the Escrow Account and hold in the Escrow Account such obligations, as described on Schedule I attached hereto (the "Governmental Obligations"). The uninvested funds shall be maintained as a cash balance. The maturing principal of the Governmental Obligations, together with interest thereon, will be sufficient to pay the amounts required by Section 3 hereof. The Escrow Agent hereby accepts the funds so deposited and the Governmental Obligations and the duties and trusts imposed hereby.

Section 3. The Escrow Agent agrees to use the moneys available in the Escrow Account solely to pay (i) the principal of and interest on the 1967 Bonds, 1968 Bonds and 1982 Bonds as the same becomes due, (ii) the principal of and interest on the 1978 Bonds, 1986 Bonds and 1990 Bonds which is due and payable prior to the respective dates on which such Prior Bonds are first callable prior to maturity, as the same becomes due, and (iii) the outstanding principal of and accrued interest and premium on the 1978 Bonds, 1986 Bonds and 1990 Bonds which mature on and after the respective dates on which such Prior Bonds are first callable prior to maturity and which shall be paid and redeemed in full prior to maturity on the respective dates on which such Prior Bonds are first callable prior to maturity.

The Escrow Agent agrees that it will cause notice of redemption of the Prior Bonds to be redeemed prior to maturity to be given.

The Escrow Agent hereby acknowledges receipt from the Issuer of irrevocable instructions to call said Prior Bonds for redemption and of the forms of redemption notice and instructions for the giving of such notice as set forth on Schedule II attached hereto.

Section 4. The Escrow Agent is hereby authorized and directed to issue its checks on the Escrow Account for the payment of the principal of and interest on the Prior Bonds. The Escrow Agent shall keep and maintain adequate records pertaining to the

Escrow Account, and shall furnish a statement with respect thereto to the Issuer not later than April 1 of each year throughout the term of this Escrow Agreement.

Section 5. The Escrow Agent hereby waives any right of set-off, counterclaim, reduction, or diminution of an obligation, or any defense of any kind or nature which the Escrow Agent has or may have against the Issuer or the holders of the Prior Bonds insofar as such set-off, counterclaim, reduction, diminution or defense would have an adverse effect on the availability of funds sufficient to comply with the obligations of the parties contained herein.

Section 6. The parties hereto recognize that the holders from time to time of the Prior Bonds have a beneficial and vested interest in the Governmental Obligations. It is therefore recited, understood and agreed that this Escrow Agreement shall not be subject to revocation until its provisions have been fully carried out and may be amended only with the consent of all such holders. Funds in the Escrow Account shall be held in trust and used only for the purposes described herein. Any amounts remaining in the Escrow Account after payment in full of the Prior Bonds shall be returned to the Issuer.

Section 7. The Escrow Agent shall have no power or duty to invest any monies held hereunder except as set forth in Section 2 hereof. The Escrow Agent shall not be liable or responsible for any loss resulting from any investment made pursuant to this Escrow Agreement and in full compliance with the provisions hereof.

Section 8. None of the provisions contained in this Escrow Agreement shall require the Escrow Agent to use or advance its own funds or otherwise incur personal financial liability in the performance of any of its duties or the exercise of any of its rights or powers hereunder. The Escrow Agent shall be under no liability for interest on any funds or other property received by it hereunder, except as herein expressly provided. The Escrow Agent shall be under no obligation to inquire into or be in any way responsible for the performance or nonperformance by the Issuer of any of its obligations or to protect any of the Issuer's rights under any bond proceeding or any other contracts with or franchises or privileges from any state, county, municipality or other governmental agency or with any person. The Escrow Agent shall not be responsible in any manner whatsoever for the recitals or statements contained herein, in the Prior Bonds, or in any proceedings taken in connection therewith. To the extent permitted by law, the Issuer shall defend, indemnify and hold the Escrow Agent and the holders of the Prior Bonds harmless from all claims, demands and actions resulting from or arising out of any alleged deficiency in the Escrow Account which is not caused by acts of the Escrow Agent. This indemnity shall survive the termination of this Escrow Agreement.

Section 9. The Escrow Agent at the time acting hereunder may at any time resign and be discharged from the trusts hereby created by giving not less than 60 days' written notice to the Issuer, but no resignation shall take effect unless a successor Escrow Agent shall have been appointed by the Issuer as hereinafter provided and the successor Escrow Agent shall have accepted such appointment, in which such event such resignation shall take effect immediately upon the appointment and acceptance of a successor Escrow Agent.

The Escrow Agent may be removed at any time by an instrument or concurrent instruments in writing, delivered to the Escrow Agent, by the Issuer.

In the event the Escrow Agent hereunder shall resign, be removed, be dissolved or shall be in the course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or

in case the Escrow Agent shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor may be appointed by the Issuer.

Every successor Escrow Agent appointed hereunder shall execute, acknowledge and deliver to its predecessor and to the Issuer, an instrument in writing accepting such appointment hereunder, and thereupon such successor Escrow Agent without any further act, deed or conveyance, shall become fully vested with all the rights, immunities, powers, trusts, duties and obligations of its predecessor; but such predecessor shall, nevertheless, on the written request of such successor Escrow Agent or the Issuer, execute and deliver an instrument transferring to such successor Escrow Agent all the estates, properties, rights, powers and trusts of such predecessor hereunder; and every predecessor Escrow Agent shall deliver all securities and moneys held by it to its successor; provided, however, that before any such delivery is required to be made, all fees, advances and expenses, if any, of the retiring or removed Escrow Agent shall be paid in full.

Should any transfer, assignment or instrument in writing from the Issuer be required by any successor Escrow Agent for more fully and certainly vesting in such successor Escrow Agent the estates, rights, powers and duties hereby vested or intended to be vested in the predecessor Escrow Agent, any such transfer, assignment and instruments in writing shall, on request, be executed, acknowledged and delivered by the Issuer.

Any corporation into which the Escrow Agent or any successor to it in the trusts created by this Escrow Agreement may be merged into or consolidated with, and any corporation which otherwise succeeds to the Escrow Agent or its successors, shall, if satisfactory to the Issuer and a qualified depository for the Issuer, be the successor Escrow Agent under this Escrow Agreement without the execution or filing of any paper or any other act on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

Section 10. The Escrow Agent shall be entitled to payment and/or reimbursement by the Issuer for reasonable fees for its services rendered hereunder and all advances, counsel fees and other ordinary expenses reasonably and necessarily made or incurred by the Escrow Agent in connection with such services, provided, however, the Issuer and Escrow Agent agree not to use amounts in the Escrow Account for such purposes.

Section 11. This Escrow Agreement shall terminate upon payment of the principal of and interest on the Prior Bonds.

Section 12. If any one or more of the covenants or agreements provided in this Escrow Agreement to be performed on the part of the Issuer or the Escrow Agent should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Escrow Agreement.

Section 13. All the covenants, promises and agreements in this Escrow Agreement contained by or on behalf of the Issuer or by or on behalf of the Escrow Agent shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

Section 14. This Escrow Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

Section 15. This Agreement shall be governed by and construed in accordance with the laws of the State of Indiana.

Section 16. Any notice, request, communication or other paper shall be sufficiently given and shall be deemed given when delivered or mailed, by registered or certified mail, postage prepaid or sent by telegram as follows:

if to the Issuer at City of Fort Wayne
(Attn: Controller)

Fort Wayne, Indiana _____; and

if to the Escrow Agent at _____

The Issuer and the Escrow Agent may designate any further or different addresses to which subsequent notices, requests, communications or other papers shall be sent.

Section 17. The Issuer and the Escrow Agent covenant that any monies attributable to the proceeds of the Prior Bonds, if any, any moneys attributable to the proceeds of the Refunding Bonds, amounts received from the investment of the proceeds of the Refunding Bonds and any other amounts treated as proceeds thereof under the provisions of the Internal Revenue Code of 1986, as amended, (the "Code") or any of the regulations and rules adopted pursuant thereto, shall not be invested or otherwise used in a manner which would cause the Prior Bonds or the Refunding Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code and such regulations or rules as may be applicable thereto.

IN WITNESS WHEREOF, the parties hereto have caused this Escrow Agreement to be executed for and on their behalf as of the day and year first herein above written.

CITY OF FORT WAYNE, INDIANA

ATTEST:

Mayor

City Clerk

NORWEST BANK FORT WAYNE, N.A.

By: _____

ATTEST:

Its: _____

Schedule I

List of Governmental Obligations

<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Description</u>	<u>Maturity</u>
\$			

Read the first time in full and on motion by Delmas,
seconded by _____, and duly adopted, read the second time by
title and referred to the Committee on City of Fort Wayne (and the
City Plan Commission for recommendation) and ~~Public Hearing to be held after~~
due legal notice, at the Common Council Conference Room 128, City-County
Building, Fort Wayne, Indiana, on _____, the _____, day
of _____, 19_____, at _____ o'clock _____ M., E.S.T.

DATED: 5-11-93
Sandra E. Kennedy
SANDRA E. KENNEDY, CITY CLERK

Read the third time in full and on motion by _____,
seconded by _____, and duly adopted, placed on its passage.
PASSED LOST by the following vote:

	AYES	NAYS	ABSTAINED	ABSENT
TOTAL VOTES	_____	_____	_____	_____
BRADBURY	_____	_____	_____	_____
EDMONDS	_____	_____	_____	_____
GiaQUINTA	_____	_____	_____	_____
HENRY	_____	_____	_____	_____
LONG	_____	_____	_____	_____
LUNSEY	_____	_____	_____	_____
RAVINE	_____	_____	_____	_____
SCHMIDT	_____	_____	_____	_____
TALARICO	_____	_____	_____	_____

DATED: _____
SANDRA E. KENNEDY, CITY CLERK

Passed and adopted by the Common Council of the City of Fort Wayne,
Indiana, as (ANNEXATION) (APPROPRIATION) (GENERAL)
(SPECIAL) (ZONING) ORDINANCE RESOLUTION NO. _____
on the _____ day of _____, 19____

ATTEST: (SEAL)

SANDRA E. KENNEDY, CITY CLERK
PRESIDING OFFICER

Presented by me to the Mayor of the City of Fort Wayne, Indiana, on
the _____ day of _____, 19____,
at the hour of _____ o'clock _____ M., E.S.T.

SANDRA E. KENNEDY, CITY CLERK

Approved and signed by me this _____ day of _____,
19____, at the hour of _____ o'clock _____ M., E.S.T.

PAUL HELMKE, MAYOR